INTEGRATED ANNUAL REPORT 2019

Metrofile Group

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ABOUT THIS REPORT

Thank you for reading Metrofile Holdings Limited's (Metrofile's) integrated annual report.

Our report aims to provide our stakeholders with a concise, material, transparent and understandable assessment of our governance, strategy, prospects, business model and performance.

Although this report is produced specifically for shareholders and stakeholders, it complements further information provided on our website: www.metrofilegroup.com and other media.

PREPARATION AND PRESENTATION

Metrofile's 2019 integrated annual report was prepared for the period 1 July 2018 to 30 June 2019 and covers the activities of Metrofile Holdings Limited, its subsidiaries and associates operating globally.

The executive directors and senior management were instrumental in preparing this report and the Board has fulfilled its responsibilities in terms of the King Report on Governance South Africa 2016 (King IV™) principles.

FRAMEWORKS APPLIED

This integrated annual report accords with the parameters of the Companies Act, No. 71 of 2008 (Companies Act), the JSE Listings Requirements and the principles of King IV™ reporting. The Group's annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS).

This integrated annual report has been compiled in accordance with the principles of the International Integrated Reporting Council's (IIRC) International Reporting (IR) Framework. Metrofile's Board of Directors and management have endorsed the IR Framework's concepts, guiding principles and content elements.

This report contains a number of extracts and quotes from the King IV™ report. The Group recognises and respects the Institute of Directors in South Africa's copyright and trademarks in relation to King IV™ and this is accordingly acknowledged.

THE BUSINESS MODEL AND VALUE CREATION

To assist with clarity of understanding for the reader, we have utilised the IR Framework 'six capitals' and 'business model' concepts to show how Metrofile creates value.

MATERIALITY DETERMINATION

The principle of materiality informed our preparation of this report. A matter is considered material if it can substantively affect the Group's ability to create and sustain value over the short-, medium- or long-term.

The Board and management are of the view that the material matters published in this report offer a balanced mix of information, allowing readers to assess the Group's performance and prospects. These material matters were identified through our risk management process, strategy workshops and stakeholder engagement.

Matters raised through stakeholder engagement are assessed in terms of the stakeholder's influence, legitimacy and urgency.

PURPOSE

This integrated annual report is intended to concisely and accurately inform our stakeholder universe of our strategy, governance, performance and prospects in terms of value creation over the short-, medium- and long-term.

DIRECTORS' STATEMENT OF RESPONSIBILITY

Our process of integrated reporting continues to evolve and at this stage the Group has not sought external assurance of the content or part thereof apart from the annual financial statements, on which the external auditor, Deloitte & Touche ("Deloitte"), has provided assurance, as confirmed in the independent auditor's report included in the annual financial statements available on the Company's website.

The Board, assisted by its Audit, Governance and Risk Committee and other sub-committees, is ultimately responsible for overseeing the integrity of the integrated annual report. The Board has applied its collective mind to the preparation and presentation of the integrated annual report and concluded that it is presented in accordance with the IIRC IR Framework. On the recommendation of the Audit, Governance and Risk Committee, the Board of Directors approved the 2019 integrated annual report on 29 October 2019.

Chris Seabrooke
Chairman

Pfungwa Serima
Group Chief Executive Officer

FORWARD-LOOKING STATEMENTS

Many of the statements in this integrated annual report constitute forward-looking statements.

These are not guarantees or predictions of future performance. As discussed in the report, Metrofile faces risks and other factors outside its control. This may lead to outcomes unforeseen by the Group. These are not reflected in the report.

Readers are warned not to place undue reliance on forward-looking statements. Any forward-looking statements in this report have not been reviewed and reported on by the external auditor of the Company

FEEDBACK ON REPORT

We welcome your feedback on this report. Please email your comments to info@metrofileholdings.co.za.

OUR VISION, MISSION AND VALUES

Metrofile's vision, mission and values are crafted around delivering quality service to all of our clients.

OUR VISION

To be our clients' trusted records and information management partner.

OUR MISSION

To enable organisations and their people to manage their records and information securely, rapidly, intelligently and cost-effectively.

OUR VALUES

Metrofile is built on four promises:

COMMITMENT
We are dedicated to serving our clients

INTEGRITY
We act in the best interests of our stakeholders

RELIABILITY
We deliver on our promise

RESOURCEFULNESS
We find ways to work smarter

WHO WE ARE

The Metrofile Group is a leading global records and information management (RIM) specialist, providing clients with end-to-end solutions for the complete information management lifecycle, allowing them to extract maximum value from their information assets.

The business was formed in 1983 through the merger of two early innovators in records management and archiving. More than 36 years later, Metrofile is Africa's market leader in records and information management, offering a range of physical storage and digital services, as well as the confidential destruction of records.

Today, our operations are international with subsidiaries servicing clients of all sizes and sectors across Africa and the Middle East. Our companies operate from 67 facilities, at 37 locations, covering 114 226 square metres of warehousing space.

67
FACILITIES

AT
37
LOCATIONS

COVERING
114 226M²
OF WAREHOUSING SPACE

Metrofile's traditional secure storage business along with digital services and product offerings enable businesses to manage their greatest risk, the security of information. The Group has an acclaimed track record in organising, backing up, managing and protecting large volumes of active and inactive documents, images and data, in physical or electronic format. To perform this critical function, Metrofile offers solutions specifically designed and developed to meet diverse needs, all of which are implemented by specially trained staff.

While physical records storage and information management will remain a core offering well into the future, we have successfully assisted clients on the digitisation of their business processes that have resulted in a transition into a paperless environment. With the new wave of technological advances, Metrofile is well placed to assist clients in bridging the gap between physical storage and new digital platforms. Besides storing physical documents, our clients are now digitally originating, signing, storing, retrieving and archiving all content in secure digital form. This ensures their relevance in today's digital economy.

From origination, we are assisting our clients to leverage digital options, applying the latest technological developments in artificial intelligence and analytics.

The Group ensures that clients benefit by achieving significant cost savings, maximum efficiencies and freeing up of valuable space, while ensuring the accuracy and security of valuable documents, more accurate client intelligence, mitigation of risks associated with complex processes, as well as ensuring legislative compliance.

Data and information management is growing in importance as the world becomes increasingly digitally connected. As the value of transforming raw data into usable information is recognised and becomes widespread, the wealth of data that Metrofile stores or digitises is increasingly a sought-after resource. Metrofile remains well placed in the forefront of an industry that is evolving and transforming.

OUR GLOBAL PRESENCE

Our operations are global in nature with subsidiaries servicing clients of all sizes and sectors across South Africa, Botswana, Kenya, Mozambique, Zambia and the Middle East.

MRM SOUTH AFRICA

Metrofile Records Management (MRM) South Africa is a market leader in physical and digital records and information management, with a strong brand and track record. Our base of ~9 000 clients includes multi-nationals, corporates, banks as well as small businesses, such as doctors, churches and schools. Throughout the information lifecycle MRM helps businesses manage their physical and electronic records through digitisation, backups, storage and management.

MRM has a particular strength in the financial services sector, with experience in developing processes to reduce clients' reliance on paper-based records, underpinned by business intelligence, speed to market, client satisfaction and effective collateral management. MRM provides an integrated electronic filing system across multiple departments and divisions, highly advanced tracking capability, which reduces the risk of losing documents, as well as a single electronic platform for credit communications, including barcoding, tracking and seamless integration into client systems.

MRM REST OF AFRICA

MRM Rest of Africa has operations in Botswana, Kenya, Mozambique, and Zambia. Metrofile is one of the major service providers in records and information management in the region, particularly in the imaging processing and related digital services area. We specialise in all aspects of corporate archiving and records management, indexing, retrieval, tracking, imaging, data storage and destruction. We also offer specialist teams dedicated to compliance both at clients' premises and offsite. We have clients in financial services, healthcare, retail, mining, construction and telecommunications.

MRM MIDDLE EAST

With our operations in the Middle East, which include Dubai, Abu Dhabi and Oman, Metrofile is one of the major service providers in records and information management in the region, particularly in the imaging processing and related digital services area. In addition to the traditional records storage and information management, we offer digital services using the latest innovations and techniques, as well as consultancy services, image processing and digitisation.

PRODUCTS AND SERVICES

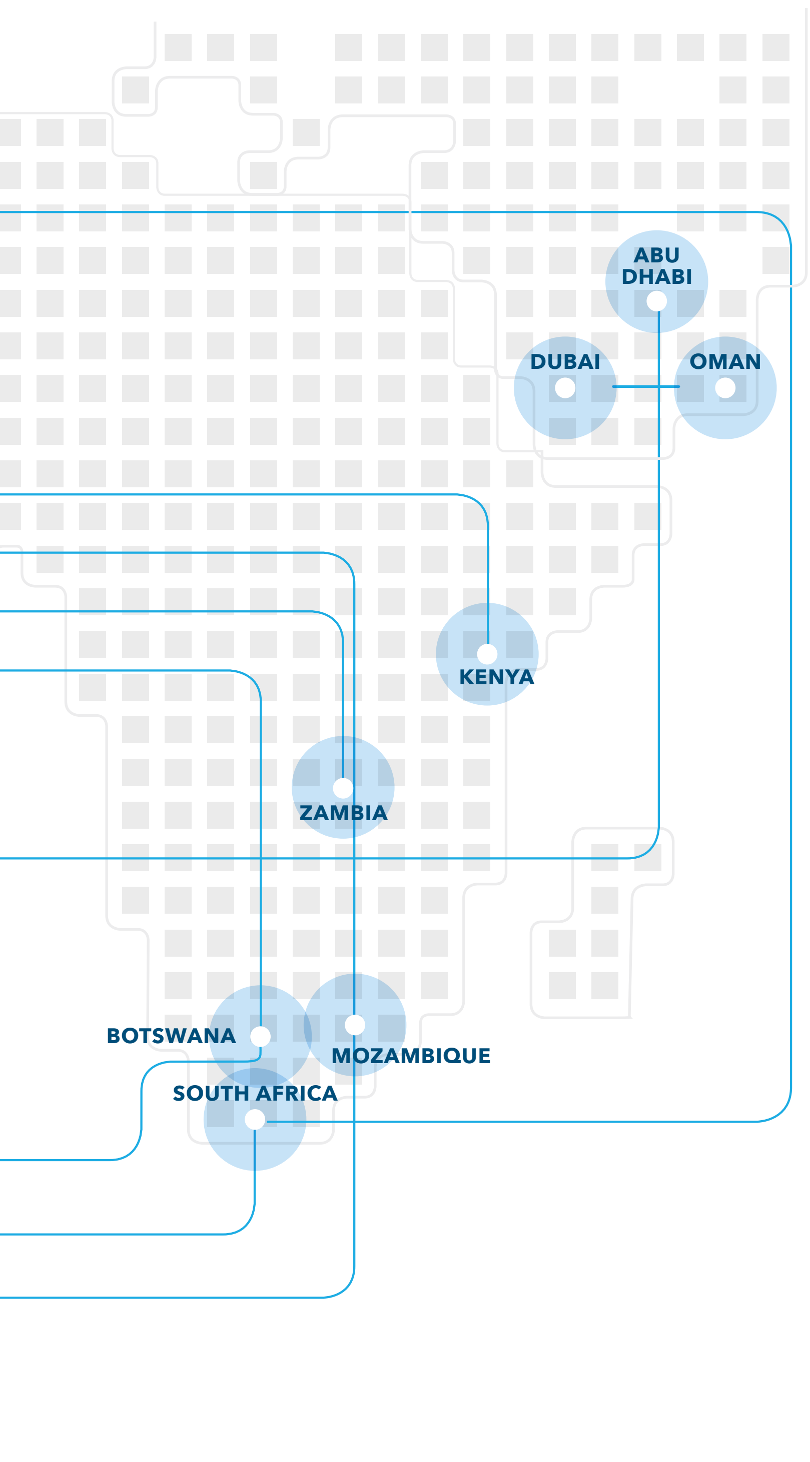
Tidy Files, Cleardata and Global Continuity form part of this division.

Tidy Files is one of the leading manufacturers of end-to-end document products and storage solutions. Tidy Files also uses proprietary technology, combined with robotics process automation to provide a comprehensive range of solutions.

Cleardata is a nationwide provider of secure on- and off-site confidential document destruction and recycling.

Global Continuity specialises in business continuity and disaster recovery, with sites across South Africa, Botswana and Mozambique. Services cover business impact and risk assessment, business continuity strategies and recovery plans.

REVENUE STREAMS



SECURE STORAGE

- Records storage and management, including backup and protection of active and inactive documents, images and data in physical and electronic format
- Management of the risk of loss of information
- Data capturing, enrichment and verification services

DIGITAL SERVICES

- Evaluation and digital transformation of business processes and tools, supported by machine learning and modern visualisation
- Business outsource services
  - Proof of delivery processing
  - Track and trace management
  - Sensitive information protection
  - Procurement tracking
  - Claims processing
  - HR document management
  - Data protection
- Imaging services
- Turnkey digitisation
- Electronic document management services: e-Tracker and dataStor
- Online backup

BUSINESS SUPPORT SERVICES

- Full range of business continuity and disaster recovery services, including work area recovery
- Records management consultancy services
- Confidential document destruction and recycling

PRODUCTS AND SOLUTIONS

- Comprehensive range of filing solutions ensuring access to records and information
- Office filing stationery
- Archive filing boxes
- Bulk filing solutions
- Filing cabinets
- Shelving and steel products
- Scanners

HIGHLIGHTS

REVENUE
R913M
▲ 5%

EBITDA MAINTAINED
R271M

FREE CASH FLOW
R119M
▲ 38%

NET DEBT
R588M
▲ 4%

HEPS
20.5C
▼ 29%

NHEPS
27.2C
▼ 14%

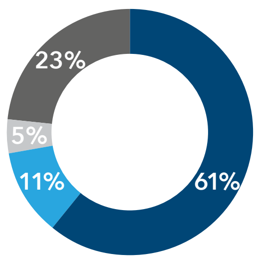
DPS
10C
▼ 52%

SUMMARISED SEGMENTAL INFORMATION

R'000	Revenue Audited 12 months ended 30 June 2019	Revenue Audited 12 months ended 30 June 2018	EBITDA Audited 12 months ended 30 June 2019	EBITDA Audited 12 months ended 30 June 2018
MRM South Africa	**555 885**	550 024	**233 652**	246 507
MRM Rest of Africa	**104 612**	68 740	**39 249**	22 116
MRM Middle East	**41 869**	40 825	**(5602)**	(5 988)
Products and services	**211 049**	213 942	**29 707**	33 415
Central and eliminations	**–**	–	**(25 833)**	(24 360)
Total	**913 415**	873 531	**271 173**	271 689
South African operations	**766 934**	763 966	**237 526**	255 562
Non-South African operations	**146 481**	109 565	**33 647**	16 127

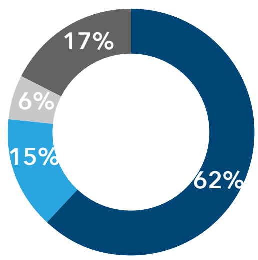
R'000	Operating profit Audited 12 months ended 30 June 2019	Operating profit Audited 12 months ended 30 June 2018	Tangible assets Audited 12 months ended 30 June 2019	Tangible assets Audited 12 months ended 30 June 2018
MRM South Africa	**204 165**	222 187	**669 190**	635 819
MRM Rest of Africa	**34 539**	18 976	**81 136**	70 629
MRM Middle East	**(8 286)**	(8 828)	**37 290**	49 160
Products and services	**19 338**	19 338	**87 532**	130 248
Central and eliminations	**(26 022)**	(24 549)	**(941)**	7 320
Total	**223 734**	230 463	**874 207**	893 176
South African operations	**197 481**	220 315	**755 781**	773 387
Non-South African operations	**26 253**	10 148	**118 426**	119 789

SEGMENTAL REVENUE



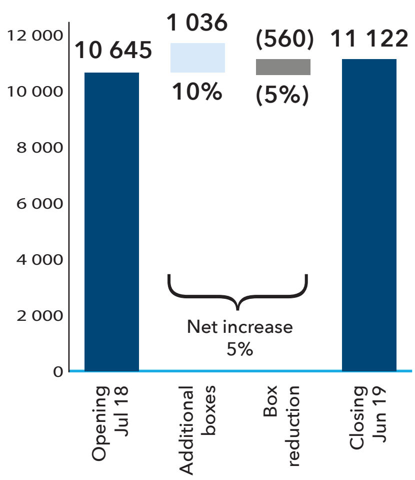
	(R'000)
MRM SA	555 885
MRM Rest of Africa	104 612
MRM Middle East	41 869
Products and services	211 049

REVENUE DRIVERS



	(R'000)
Secure storage	566 684
Digital services	135 351
Business support services	53 853
Products and solutions	157 527

BOX MOVEMENTS ('000)



CHAIRMAN'S STATEMENT

"Metrofile's strategy continues to focus on its core business which has remained resilient in spite of low economic growth."

CHRIS SEABROOKE

CHAIRMAN

The past financial year presented a number of challenges in the economic environment. In South Africa, GDP growth was subdued as the country emerged from a technical recession. The combination of low growth in employment, investment and productivity continues to restrain the country's economic growth.

In spite of these challenges, Metrofile's traditional business of records and information management and secure storage remained resilient, with a 5% net increase in box volumes. It is this robust core business which has enabled Metrofile to add its complementary digital services, which now account for around 15% of revenue. The Company has created and continues to build a strong platform for future growth.

Metrofile's strategy continues to focus on providing valuable physical and digital records and information management, from origination to destruction, to its clients. The Company is committed to its clients and the markets in which it operates, driving traction of its business model.

Management is growing digital services in partnership with clients as they transform the way in which they approach data and records management.

STRATEGIC REVIEW

Following a strategic review of the entire business, it was decided that the Group would exit three businesses as well as reconsider the focus and implementation of its digital initiatives.

It was agreed that CSX Customer Services ("CSX"), which specialises in the supply, installation and maintenance of technology and systems for clients mainly in the education and public sectors, is not aligned to Metrofile's core strategy and has a materially lower and more volatile returns profile. It was sold effective 30 June 2019.

Metrofile Nigeria has been unable to achieve scale and profitability in the ten years since opening and will be closed or sold in the new financial year.

The Board has determined that evergreen software development is not in line with Metrofile's strategy, and that instead the Group will partner with relevant companies to develop the optimal digital solutions required by clients. As a result, Metrofile discontinued its investment in Dexterity.

FINANCIAL OVERVIEW

The Group faced challenging economic headwinds which impacted negatively on operational performance, particularly in the first half of the financial year. Management introduced strategic initiatives which ensured improvement in the second half, resulting in an overall pleasing performance.

Revenue from continuing operations increased to R913 million, with EBITDA from continuing operations being maintained at R271 million. Group HEPS decreased to 20.5c and Group NHEPS was lower at 27.2c. Group debt was successfully restructured and refinanced. The Board declared a final scrip distribution of 5c, bringing the total year scrip distribution to 10c, with shareholders being entitled to elect to receive a gross cash dividend.

SUSTAINABLE VALUE

Metrofile is intent on continually improving and ensuring that it is a client-centric organisation, while offering an open and empowering environment for its employees. Metrofile works continuously with its primary B-BBEE shareholder to improve employment equity ratios at all levels. We improved to a level 3 contributor during the year. Metrofile engages regularly with all of its stakeholders, and in particular its shareholders, to obtain feedback and input on its value creation strategies.

The Group is committed to improving the environment. The organisation ensures that its operating policies include the reduction of emissions and a focus on waste management. A particular priority is recycling.

During the financial year, the management incentive scheme was reviewed. Together with an external advisor, a revised scheme is being compiled and will be presented to shareholders at the AGM in November 2019.

DIRECTORATE AND CORPORATE GOVERNANCE

The Board and management continued to maintain the highest levels of governance.

Metrofile is built on four promises, namely commitment, integrity, reliability and resourcefulness which supports our vision of being our clients' trusted records and information management partner. As such, the Group's business philosophy requires that directors, employees and business partners conduct themselves with honesty and integrity in all business practices to achieve the highest standard of ethical behaviour. The Company has adopted a Code of Ethics, the purpose of which is to prevent unethical business practices and to provide guidelines to ensure all our business dealings and partnerships are conducted fairly and ethically.

The directors are accountable for the approval and execution of the Group's strategy and its operating performance. The Board is also the arbiter and monitor of risk and the custodian of Metrofile's corporate governance policies and procedures. As chairman, I guide the directors in these primary functions and am satisfied that the Board is not only diverse, but comprises a well balanced spread of technical, entrepreneurial, financial and business skills.

The Board is composed of two executive and seven non-executive directors of whom four are independent. We have four black and four female directors, evidence of our focus on transformation and diversity.

The following Board changes occurred during the financial year:

- Zaheer Abdulla replaced Cynthia Pongweni as one of the Mineworkers Investment Company (RF) (Pty) Limited representatives on the Board with effect from 15 September 2018.
- Effective 31 October 2018, Mark McGowan resigned as Group CFO and was replaced by Kelebogile Dludla, who subsequently resigned effective 8 March 2019.
- Shivan Mansingh was appointed as the new Group CFO with effect from 1 April 2019.
- Leon Rood was appointed alternate independent non-executive director to Chris Seabrooke, effective 1 February 2019.

APPRECIATION

I record my appreciation to our CEO, CFO, management and staff for their dedicated and ongoing efforts on behalf of the Company, and to our bankers and advisors for their continued support.

On behalf of the Board I reaffirm our commitment to Metrofile's shareholders, clients and all stakeholders.

CHRIS SEABROOKE
Chairman

CEO'S REPORT

"The positive effects of the strategic review and restructuring were evident especially in the second half of the year. Further growth is expected from our digital offerings, driven primarily by existing and new products as we harness technology and innovation to bring value adding solutions to the market."

PFUNGWA SERIMA

GROUP CHIEF EXECUTIVE OFFICER

OVERVIEW

The Metrofile Group continued to provide services and products which enable our clients to manage the security of their information. Our companies operate from 67 facilities at 37 locations servicing clients of all sizes and sectors across South Africa, Botswana, Kenya, Mozambique, Zambia and the Middle East, as we offer the infrastructure, technology and services to securely manage each phase of the document's lifecycle until its ultimate destruction and recycling.

STRATEGY

Metrofile's four strategic pillars are secure storage, digital services, business support services and products and solutions.

While the physical management of records and information remains core, the provision of digital services is proving to be equally important as businesses continue to leverage breakthrough technologies like AI and Internet of Things (IOT) to transform client experience, improve productivity and gain competitive advantage. Digital services currently account for approximately 15% of the Group's revenue and we expect to see growth in the future as more clients adopt technology as part of running their processes.

Our solutions-based end-to-end service offering covers both aspects as we work with clients on the digital transformation of records across the full paper-to-digitalisation spectrum. We will continue to engage our clients and work closely with our innovation partners to offer valuable solutions. Our continued focus in this area will see us bringing to the market standardised solutions across multiple industries. Metrofile is one of the major service providers in records and information management in the region, particularly in the imaging processing and related digital services area.

As a result of the strategic review, CSX was sold effective 30 June 2019 for R14 million and Metrofile discontinued further investment in Dexterity as it was decided that evergreen software development is not in line with the Group's strategy. The Group is in the process of exiting Metrofile Nigeria. The Middle East business is under review and the restructuring will result in the closing of our cost centre in Egypt and focusing primarily on UAE, as well as Oman where we believe the business is solid.

FINANCIAL HIGHLIGHTS

The tough economic and general trading conditions made for a challenging operating environment which impacted our overall results. The first half of the financial year was particularly testing but following swift strategic interventions, the second half improved and the overall results were pleasing under the circumstances.

Revenue from continuing operations increased by 5% to R913 million. EBITDA from continuing operations was maintained at R271 million. Group HEPS decreased 29% to 20.5c and Group NHEPS was down 14% to 27.2c.

Group debt was successfully restructured and refinanced, resulting in a new efficient debt structure that is expected to improve the Group's effective cost of debt.

OPERATIONAL HIGHLIGHTS

MRM South Africa was impacted by external project delays and the difficult economic environment but managed to increase net box volume growth by 4%. The segment's revenue marginally increased to R556 million (FY2018: R550 million) but operating profit declined by 8% to R204 million (FY2018: R222 million). Net box volume growth is expected to increase and we anticipate that the operationalisation of the improved digital services pipeline will be realised in the new financial year.

MRM Rest of Africa, which consists of operations in Botswana, Kenya, Mozambique and Zambia, experienced a positive overall trading environment. Revenue increased by 52% and operating profit rose 82% to R35 million (FY2018: R19 million) due to net box volume growth and the inclusion of the prior year acquisition for 12 months. Net box volume growth is expected to increase going forward as the foundation to participate in the greater East African region is currently being established.

MRM Middle East, with operations in Egypt (which will be closed during the next financial year) and the United Arab Emirates, was impacted by tough trading conditions. Revenue improved by 3%, while the operating loss marginally improved to R8 million (FY2018: R9 million). This operation is currently under review.

Products and Services comprises Tidy Files, Cleardata and Global Continuity South Africa. Revenue of R211 million was stable (FY2018: R214 million), with operating profit declining 15% to R19 million (FY2018: R23 million). Through the existing pipeline and introduction of a new product range, performance is expected to improve in the next financial year.

OUTLOOK

The positive effects of the strategic review and restructuring were evident especially in the second half of the year. These are expected to continue to enhance the performance of the Group in the new financial year. While challenging trading conditions are expected to persist, the Group remains optimistic as net box volume growth is anticipated throughout the various regions. Further growth is expected from our digital offerings, driven primarily by existing and new products as we harness technology and innovation to bring value adding solutions to the market. Retention of our clients remains a key priority for us and the divisional teams as annuity revenue is vital for this business. Internally, we are focusing on cost controls to ensure that we achieve attractive margins.

CONCLUSION

I welcome the appointment of Shivan Mansingh as Group CFO. Not only has he brought energy and enthusiasm to the role, he has introduced new perspectives and insights. I would like to thank Shivan and the finance team for the production of this integrated annual report.

I also wish to thank the Board members for their direction and guidance during the year.

And finally, may I express a word of thanks to all the Metrofile employees for their daily contribution which ensures that we provide excellent service to our clients.

Pfungwa Serima
Group Chief Executive Officer

CFO'S REPORT

"The financial year was one of two distinct halves. The challenges faced by the Metrofile Group resulted in a subdued performance in the first half, but following prompt and deliberate strategic initiatives, the second six months were marked by a positive recovery."

SHIVAN MANSINGH

GROUP CHIEF FINANCIAL OFFICER

The financial year ended 30 June 2019 was one of two distinct halves. The challenges faced by the Metrofile Group resulted in a subdued performance in the first half, but following prompt and deliberate strategic initiatives, the second six months were marked by a positive recovery.

FINANCIAL REVIEW

Revenue from continuing operations increased by 5% to R913 million (FY2018: R874 million) mainly as a result of increased box volumes as well as the full year inclusion of the prior year acquisition in Kenya. There was a 9% improvement in revenue in the second half compared to the first half and a 4% rise compared to the second half of the 2018 financial year.

Secure storage contributed 62% to Group revenue and was up 9% year-on-year mainly as a result of increased box volumes, as well as the inclusion of the prior year acquisition for the full 12 months. Closing box volumes for the Group amounted to 11.1 million (FY2018: 10.6 million) due to net box volume growth of 5%. New box volume intake increased 10% from new and existing clients and was partially offset by a 5% box volume reduction following destructions and withdrawals. Performance was good across all geographies, with net box volume growth in South Africa of 4%, Rest of Africa of 7% and 16% in the Middle East.

Digital services contributed 15% to Group revenue, down 1% year-on-year, mainly as a result of a 5% reduction in image processing as delays were experienced due to the elections and the postponement of projects by Government departments, impacting Metrofile's clients as well as the Group.

Products and solutions and business support services contributed 17% and 6% respectively to Group revenue. These revenue streams decreased by 4% and 1% respectively following similar delays in projects and spending by clients, to those experienced in digital services, as well as the overall impact of the challenging economic conditions.

Operating profit and EBITDA from continuing operations decreased by 3% to R224 million (FY2018: R230 million) mainly as a result of the additional amortisation of intangible assets recognised on prior year acquisitions. Excluding this factor, operating profit was flat year-on-year as the inflationary impact on the cost base was offset by the marginal improvement in organic revenue growth, as well as cost control initiatives. The second half of the financial year saw a significant improvement as operating profit increased by 16% on the first half.

EBITDA from continuing operations was maintained at R271 million (FY2018: R272 million) as a significant improvement of 16% was achieved in the second half compared to the first six months, resulting from improved revenue performance as well as tighter cost control.

Cash and net debt finance costs increased by 50% to R69 million (FY2018: R46 million) following increased levels of debt as a result of prior year acquisitions. Net debt, however, reduced by 4% to R588 million (FY2018: R615 million) due to improved cash generation and free cash flow ("FCF"). FCF improved 38% to R119 million (FY2018: R86 million) mainly as a result of enhanced working capital management. A significant reduction in net debt of 7% from R636 million at 31 December 2018 was achieved. During June 2019, Group debt was refinanced and restructured; and in line with Metrofile's intensified focus on improving cash management, the new efficient debt structure will result in an improvement in the Group's effective cost of debt. Net debt to EBITDA also improved by 4% to 2.17x (FY2018: 2.26x).

Restructuring costs consist mainly of expenses in Dexterity as well as the cost of restructuring this business and retrenchments within Dexterity and the Group. The annual impairment review process identified the following impairments: goodwill of R18 million in the Middle East, R8 million investments in Lexie Legal Services and Al Bidda Metrofile. Impairments to the value of R29 million in plant and equipment were also made.

REVIEW OF OPERATIONS

The segmental reporting and disclosure has been enhanced. Operations and segmental disclosure will now consist of four operations, being Metrofile Records Management (MRM) South Africa, MRM Rest of Africa, MRM Middle East, and Products and Services (Tidy Files, Global Continuity and Cleardata).

Revenue from MRM South Africa marginally increased to R556 million (FY2018: R550 million) despite an improvement of 4% in net box volume growth as this was offset by a reduction in revenue from digital services, specifically image processing. This decrease was due to the tough economic environment and external project delays. Operating profit declined by 8% to R204 million (FY2018: R222 million) as a result of the inflationary impact on the mostly fixed cost base.

The overall trading environment in MRM Rest of Africa was strong and revenue increased by 52% as a result of an improvement in net box volume growth of 7% and the inclusion of prior year acquisition for the full 12 months. Operating profit was also positively impacted by improved trading conditions as an increase of 82% to R35 million (FY2018: R19 million) was achieved.

MRM Middle East experienced tough trading conditions, particularly in Egypt, with revenue improving by 3%. Net box volume growth increased by 16%, however, was offset by a significant reduction in digital services, particularly image processing. The operating loss marginally improved to R8 million (FY2018: R9 million).

Trading conditions in South Africa and the operational market of Products and Services has been challenging, with revenue decreasing by 1% to R211 million (FY2018: R214 million). Operating profit declined 15% to R19 million (FY2018: R23 million) as a result of the inflationary impact on the cost base.

DIVIDEND

The Board declared a final scrip distribution of Metrofile ordinary shares (the "scrip distribution"). Shareholders were entitled to elect to receive a gross cash dividend of 5 cents per share held in respect of all or part of their ordinary shareholding, instead of the scrip distribution (the "cash dividend"), payable out of the Company's distributable retained profits. This resulted in a full year scrip distribution of 10 cents per share.

APPRECIATION

I would like to express my appreciation to the Board members for their support and encouragement and to the internal finance and risk team for their hard work and dedication in producing the financials and this integrated annual report.

Shivan Mansingh
Group Chief Financial Officer

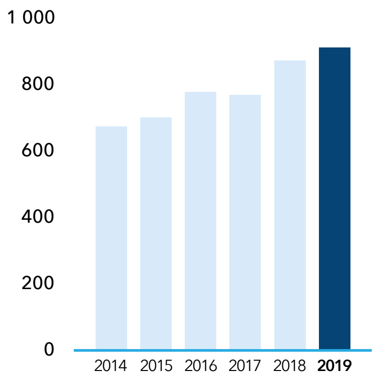
SIX-YEAR REVIEW

		2019# R'000	2018# R'000	2017 R'000	2016 R'000	2015 R'000	2014 R'000
INCOME STATEMENT							
Revenue		**913 415**	873 531	769 239	777 577	701 898	675 260
Operating income		**150 460**	222 560	212 412	199 287	186 790	222 411
Net finance cost		**(69 375)**	(46 241)	(18 056)	(14 687)	(13 084)	(12 630)
Profit before taxation		**81 085**	176 319	194 356	184 600	173 706	209 770
Taxation		**(55 342)**	(50 185)	(54 979)	(48 949)	((46 244)	(53 674)
Profit after taxation		**(4 558)**	123 854	139 377	135 651	127 462	156 096
Non-controlling interests		**(12 117)**	(3 759)	(4 358)	(5 522)	(2 842)	(1 288)
Attributable income		**7 559**	127 613	135 019	130 129	124 620	154 808
BALANCE SHEET							
Assets							
Property, plant and equipment		**581 113**	589 818	538 103	497 452	460 400	420 697
Intangibles and goodwill		**496 182**	544 073	216 938	220 890	194 615	171 666
Investments		**–**	9 353	7 739	–	–	–
Long-term receivables		**3 500**	2 419	375	559	1 574	–
Deferred taxation asset		**5 128**	9 455	5 906	4 257	3 673	1 220
Current assets excluding cash		**254 612**	248 608	184 143	201 789	160 888	180 818
Cash resources		**34 983**	52 331	27 866	25 717	120 517	35 765
Total assets		**1 375 518**	1 456 057	981 070	950 364	941 667	810 166
Equity and liabilities							
Ordinary shareholders' interest		**564 987**	608 683	624 007	643 397	617 520	561 794
Non-controlling interests		**(3 157)**	13 170	23 636	16 943	12 887	6 028
Deferred taxation liability		**43 845**	43 759	25 074	21 646	19 035	15 190
Current liabilities		**169 409**	126 594	95 167	95 876	88 737	86 332
Long-term interest-bearing liabilities		**560 053**	597 118	156 904	123 297	156 125	92 696
Short-term interest-bearing liabilities		**40 381**	66 734	56 282	49 205	47 363	48 126
Total equity and liabilities		**1 375 518**	1 456 057	981 070	950 364	941 667	810 166
Ordinary shares in issue*	('000)	**424 906**	416 164	421 103	425 084	427 084	423 240
Weighted average ordinary shares in issue	('000)	**417 764**	417 233	424 554	425 944	425 831	422 315
Headline earnings per ordinary share	(cents)	**20.5**	28.9	31.8	30.5	29.3	34.4
Dividends per share	(cents)	**10.0**	21.0	30.0	30.0	21.0	15.0

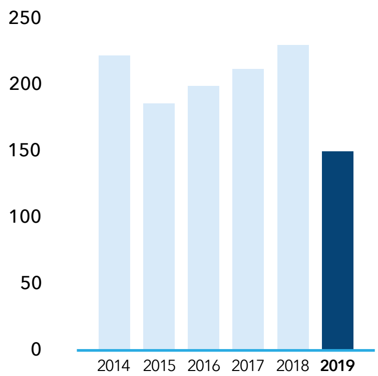
* *Net of treasury shares*

From continued operations

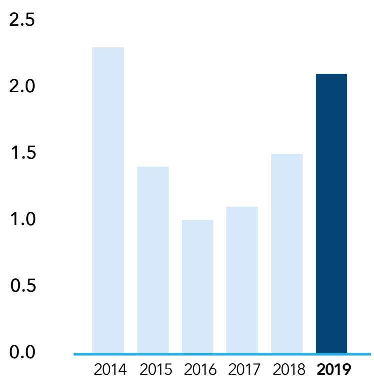
REVENUE (Rm)



OPERATING INCOME (Rm)



DIVIDEND COVER (times)



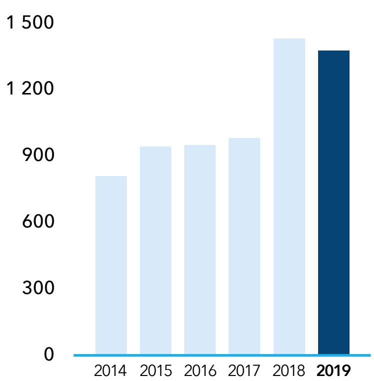
		2019#	2018#	2017	2016	2015	2014
FINANCIAL RATIOS							
Liability		**1.4**	1.4	0.5	0.5	0.5	0.4
Current		**1.4**	1.6	1.4	1.6	2.1	1.6
Quick liabilities		**1.3**	1.4	1.3	1.4	2.0	1.5
Interest cover	(times)	**2.2**	4.8	11.8	13.6	14.3	17.6
Dividend cover	(times)	**2.1**	1.4	1.1	1.0	1.4	2.3
Debt equity	(%)	**106.3**	109.1	34.2	26.8	33.0	25.1
Return on property, plant and equipment	(%)	**1.3**	21.6	26.1	27.2	28.3	38.8
Return on capital employed	(%)	**13.4**	18.5	27.3	26.0	24.1	34.0
Return on equity	(%)	**1.3**	21.0	21.7	20.2	20.2	27.6
PROFITABILITY							
Operating income to revenue	(%)	**16.5**	25.5	27.6	25.6	26.6	32.9
Operating income to average assets employed	(%)	**10.6**	18.3	22.0	21.1	21.3	29.5
Number of employees		**1 598**	1 615	1 208	1 282	1 274	1 247

From continued operations

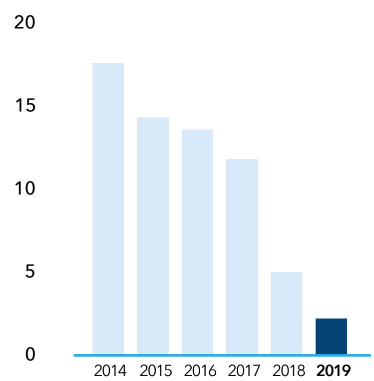
RATIO DEFINITIONS

Liability	Liabilities to ordinary shareholders' interest
Current	Current assets to current liabilities
Quick liabilities	Current assets (excluding inventories) to current liabilities
Interest cover	Operating income to net finance costs
Dividend cover	Headline earnings per share to dividend per share for the year
Debt:equity ratio	Debt (excluding bank and cash) to ordinary shareholders' interest
Return on property, plant and equipment	Attributable income to property, plant and equipment
Return on capital employed	Operating income to ordinary shareholders' interest and interest-bearing liabilities
Return on equity	Attributable income to ordinary shareholders' interest
Average assets employed	Average total assets at the beginning and end of the financial year

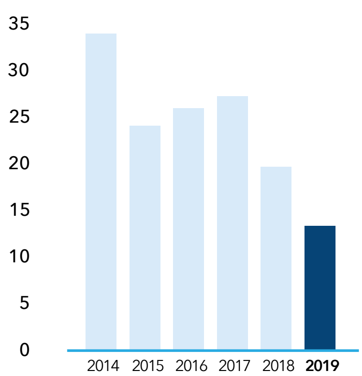
TOTAL ASSETS (Rm)



INTEREST COVER (times)



RETURN ON CAPITAL EMPLOYED (%)



CREATING VALUE SUSTAINABLY

For a truly integrated report, Metrofile must show the flow of strategising and decision-making that leads to value creation for shareholders, other stakeholders, employees and communities. We use our business model to create value for all our stakeholders by investing in the resources and relationships impacting our value. In creating our value we take the operating environment into account and evaluate the risks and opportunities. Equally important, we offer material insights into our short-, medium- and long-term strategy.

When deciding on which items of information to include in this report, the Board and executive management considered the relative importance of each matter in terms of its known or potential effects on Metrofile's ability to continue creating value. We prioritised these matters for relevance to the report users, so that information deemed as less important could be allocated to ancillary channels or set aside as irrelevant for informed shareholder and stakeholder decision-making.

OPERATING ENVIRONMENT

page 17

RISK AND OPPORTUNITIES

page 20

STAKEHOLDER MAP

page 33

KEY STRATEGIC PILLARS

SECURE STORAGE

Managing the loss of information by backing-up, managing, storing and protecting large volumes of active and inactive documents, images and data in physical and electronic formats.

DIGITAL SERVICES

Digitally transforming traditional business processes and tools into solutions that provide insights through machine learning and modern visualisation.

BUSINESS SUPPORT SERVICES

An extensive range of business support services to ensure client peace of mind, allowing them to concentrate on core business.

PRODUCTS AND SOLUTIONS

A world class range of records and information management products and solutions for ensuring safe storage and data optimisation of client records.

MATERIAL MATTERS 2019

1. **DIGITAL TRANSFORMATION**

page 21

2. **BUSINESS SUSTAINABILITY, GROWTH AND THE EXPANSION OF SERVICES**

page 22

3. **LOCALISATION AND B-BBEE TRANSFORMATION REQUIREMENTS**

page 23

4. **MULTI-JURISDICTIONAL LEGAL AND REGULATORY COMPLIANCE**

page 24

5. **INFRASTRUCTURE AND OPERATIONAL RISKS**

page 25

VALUE CREATION

OPERATING ENVIRONMENT

The external environment has an impact on the Group's ability to create stakeholder value. This informs our thinking on material matters and identification of issues that could substantially affect the creation and sustainability of value in the short-, medium- and long-term (refer to pages 20 to 25).

GLOBAL CONTEXT

POSITIVE FACTORS

- Significant technological advances in robotics and artificial intelligence provide possibilities and opportunities.
- Business confidence in the Middle East is subdued due to concerns regarding lower growth, changing customer demands and the rise of disrupting technologies.
- Political developments continue to shape economic and business prospects in the Middle East.
- Governments are passing and implementing new laws to ensure higher standards for data privacy.

CHALLENGES

- Slow global economic growth linked to political uncertainties in major economies.
- Metrofile is exposed to various economies, growing at different speeds.
- Intense globalised competition.
- Complex regulatory environment.

OUR RESPONSE

- We will continue to engage our clients and work closely with our technology partners to co-innovate value-adding solutions powered by emerging technologies.
- We will continue to invest in governance and compliance toolkits, cyber security and ransomware protection services.

SOUTH AFRICAN CONTEXT

POSITIVE FACTORS

- After shrinking early in 2019, the economy rebounded to record positive growth of 3.1% by June.
- Positive market sentiment to change in improved political environment.

CHALLENGES

- Challenging macroeconomic and market environment impacts revenue growth and operating costs.
- Competition and commoditisation of record storage.
- Volatile exchange rates impact global earnings.
- Amongst the top 5 scarce skills in SA in 2019 are network and information security, and technology expertise.

OUR RESPONSE

- Rigid cost management.
- Standardise key solutions and translate projects into repeatable services.
- Expand the client base and offer digital services to new and existing clients.
- Attract and retain technical and specialist talent.

INDUSTRY TRENDS TO CONSIDER

POSITIVE FACTORS

- Records and information management continues to be important for organisations.
- Increasing obligations regarding data, breach notification, trans-border data transfers, and appointment of data protection officers.
- Businesses moving to automate document management and workflow processes.
- Digitisation increasing.
- Paradigm shift in use of 'big data'.
- Move towards a mobile, digital workforce.

CHALLENGES

- Users demand technology to provide real-time information.
- Cybercrime threat.

OUR RESPONSE

- The physical management of records and information continues to be core to Metrofile's business, with the provision of digital services becoming equally important.
- Investment in automation, robotics, AI and scanning processes.
- Systems continuity, cyber security and IT governance recognised as top risks and mitigations.

STRATEGY

Record and information management remains a commercial imperative. The physical management of records and information will continue to be core to Metrofile's business, with the provision of digital services becoming equally important as businesses continue to leverage breakthrough technologies such as artificial intelligence and Internet of Things to transform client experience, improve productivity and gain competitive advantage.

Metrofile's four strategic pillars and revenue drivers are secure storage, digital services, business support services and products and solutions. Within these areas we provide solutions-based, end-to-end services which cover the full paper to digitalisation spectrum.

OUR STRATEGIC PILLARS

SECURE STORAGE

- Records storage and management, including backup and protection of active and inactive documents, images and data in physical and electronic format
- Management of the risk of loss of information
- Data capturing, enrichment and verification services

DIGITAL SERVICES

- Evaluation and digital transformation of business processes and tools, supported by machine learning and modern visualisation
- Business outsource services
  - Proof of delivery processing
  - Track and trace management
  - Sensitive information protection
  - Procurement tracking
  - Claims processing
  - HR document management
  - Data protection
- Imaging services
- Turnkey digitisation
- Electronic document management services: e-Tracker and dataStor
- Online backup

BUSINESS SUPPORT SERVICES

- Full range of business continuity and disaster recovery services, including work area recovery
- Records management consultancy services
- Confidential document destruction and recycling

PRODUCTS AND SOLUTIONS

- Comprehensive range of filing solutions ensuring access to records and information
- Office filing stationery
- Archive filing boxes
- Bulk filing solutions
- Filing cabinets
- Shelving and steel products
- Scanners

OUR STRATEGIC OBJECTIVES

- RESTRUCTURING OF DEBT
- ENHANCING OUR CLIENT RELATIONSHIPS
- FOCUS ON CORE BUSINESS
- FOCUS ON HEALTHY CASH GENERATION AND CONVERSION

PERFORMANCE AGAINST STRATEGIC OBJECTIVES

OUR STRATEGIC OBJECTIVES 2019

RESTRUCTURING OF DEBT

We restructured our debt to ensure that the Company is within our target debt utilisation taking into account the relevant tax planning initiatives.

2019 PERFORMANCE

- Group debt successfully restructured and refinanced, resulting in an efficient debt structure.
- Net debt improved 4% to R588 million.

SELF-ASSESSMENT

- Substantially achieved.

ENHANCING OUR CLIENT RELATIONSHIPS

We are intensifying our client relationships through stepped-up visits and satisfaction surveys to gain insights into improving our interactions with them.

2019 PERFORMANCE

- Identified market segments supported by specialist teams allocated to each category, such as active filing, consulting, image processing, archiving and information management.
- Numerous conversations held with clients on co-innovation.
- Providing more solution-based end-to-end services.

SELF-ASSESSMENT

- Moderate progress.

FOCUS ON HEALTHY CASH GENERATION AND CONVERSION.

2019 PERFORMANCE

- Active management of working capital components and balance sheet efficiencies.
- Improvement in operating cash conversion ratio to 93%.
- Improvement in free cash flow of 38% to R119 million through enhanced working capital management.

SELF-ASSESSMENT

- Moderate progress.

FOCUS ON CORE BUSINESS

We reviewed the portfolio of companies and decided to exit certain businesses in order to focus on the core aspects and to grow the digital strategy.

2019 PERFORMANCE

- CSX was sold effective 30 June 2019.
- Investment in Dexterity discontinued.
- Exiting the Nigeria market in the next financial year.
- Share in Lexie Legal was sold subsequent to finalisation of financial results but prior to publication of this integrated annual report.
- Restructuring of Middle East operation and closure of cost centre in Egypt.

SELF-ASSESSMENT

- Moderate progress.

RISKS AND OPPORTUNITIES

RISK PHILOSOPHY

Sound management of risks and opportunities enables the Group to anticipate and respond to changes in its business environment, and to take informed decisions under uncertain conditions.

Metrofile recognises that risk in business is complex and must be identified and prepared for across its operations. Risk management is intended to help achieve organisational objectives. Commitment to Metrofile's risk and opportunity management philosophy ensures a safe and healthy work environment for employees and preserved assets and value creation for the benefit of all stakeholders.

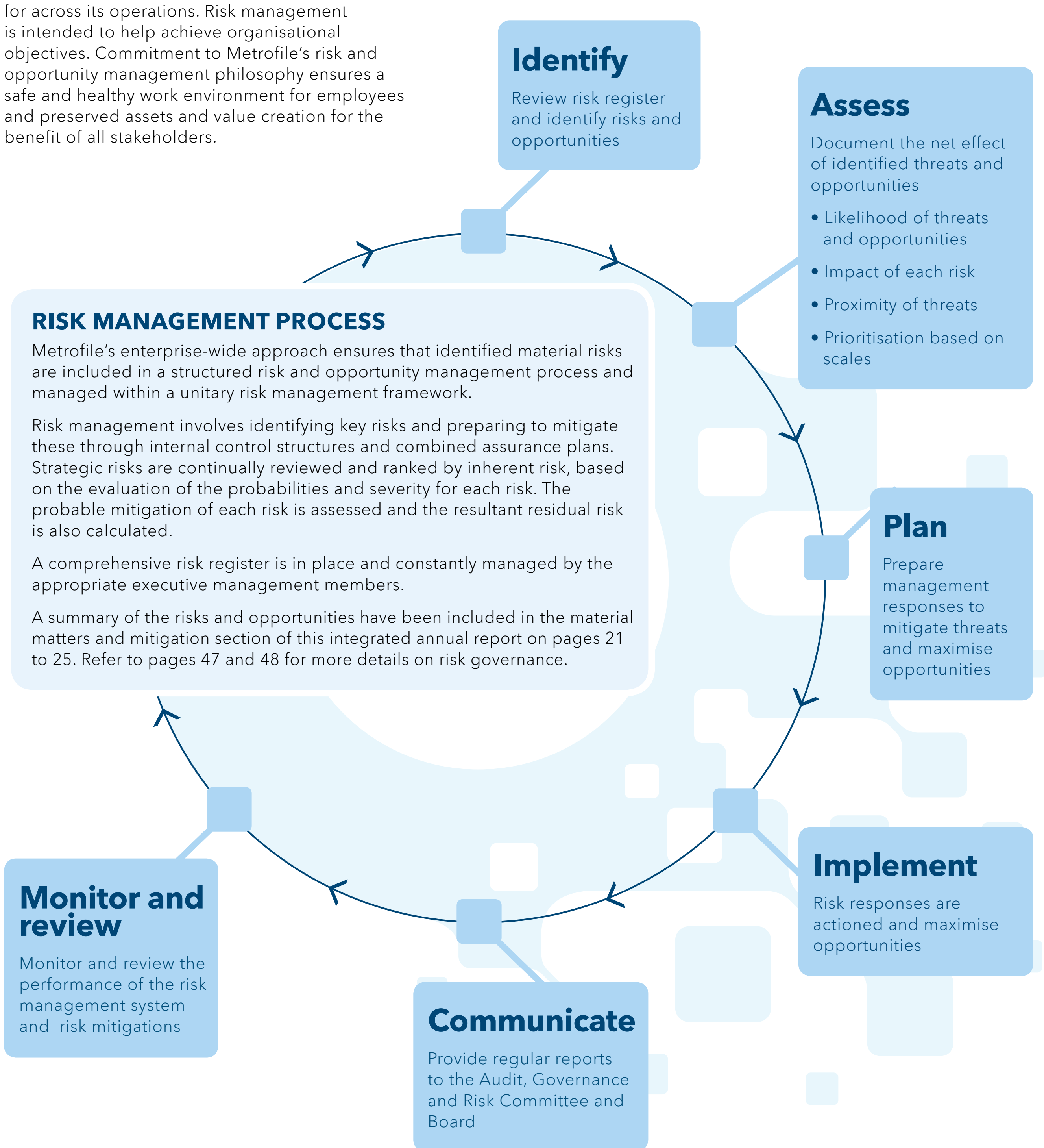
RISK MANAGEMENT PROCESS

Metrofile's enterprise-wide approach ensures that identified material risks are included in a structured risk and opportunity management process and managed within a unitary risk management framework.

Risk management involves identifying key risks and preparing to mitigate these through internal control structures and combined assurance plans. Strategic risks are continually reviewed and ranked by inherent risk, based on the evaluation of the probabilities and severity for each risk. The probable mitigation of each risk is assessed and the resultant residual risk is also calculated.

A comprehensive risk register is in place and constantly managed by the appropriate executive management members.

A summary of the risks and opportunities have been included in the material matters and mitigation section of this integrated annual report on pages 21 to 25. Refer to pages 47 and 48 for more details on risk governance.



MATERIAL MATTERS AND MITIGATION

MATERIALITY

Metrofile's Board and executive management present the information in this integrated annual report as relevant or 'material' to our shareholders and key stakeholders for a fully informed understanding of Metrofile's performance over the past year. We offer material insights into our short-, medium- and long-term strategy. (Refer to page 18 for our strategic pillars).

MATERIAL MATTERS

Metrofile's potential material matters emerge through our risk management process and stakeholder feedback.

Once identified, these potentially material matters are subjected to a materiality process that considers a matter's qualitative and quantitative aspect, influence, legitimacy, urgency, and Metrofile's ability to affect change with regard to our impact.

Our most material matters were determined in an integrated approach through:

- Understanding the consequences and implications of our external environment.
- Assessing stakeholder feedback in terms of the stakeholder's influence, legitimacy and urgency.
- Considering our current risks and opportunities.

The Group's material matters, associated risks and opportunities and key mitigations, in no particular order, are noted below:

MATERIAL MATTERS 2019

DIGITAL TRANSFORMATION

Digital services provided by the Group currently contribute approximately 15% to revenue, and growth is expected in the future, as more clients adopt technology in their processes.

Metrofile keeps abreast of fast-growing demand for the conversion of data into insights. Besides technological advancements, this involves a more urgent drive towards co-innovation, organic growth and strategic partnerships.

Our digital strategy is fundamental to all four pillars of our strategy, but also has a particular focus on partnerships under the digital services pillar.

STRATEGIC OBJECTIVES

- Enhancing our client relationships.
- Focus on core business.

ASSOCIATED RISKS AND OPPORTUNITIES	KEY MITIGATIONS
Digital strategy implementation Delay of a fully implemented digital strategy could lead to missed opportunities, which could have an effect on growth and market reputation.	• Revisited the digital strategy. • Communicated digital strategy with stakeholders. • Implementation process started and progress made to align with the four strategic pillars of the strategy.
Client satisfaction Digital transformation is a major opportunity to maintain Metrofile's status as market leaders, satisfy our clients and gain market share.	• Executive call-in visits to clients. • Client needs are assessed and solutions identified. • Introduce business initiatives that are closely associated with our core business offerings.
IT and data security, privacy and integrity Inadequate IT and data security could potentially lead to data breaches and reputational losses.	• IT Steering Committee oversight. • IT security policy, continuously reviewed to align with IT security needs. • Adequacy of external perimeter security controls regularly reviewed. • Penetration and vulnerability testing conducted and continuously reviewed for applicability. • Firewall continuously monitored and upgraded.
Competitor behaviour Keeping abreast of competitor activity allows Metrofile to defend its market position and maintain a competitive edge.	• Pre-empt competitor actions so as to maintain market leadership. • Build an awareness to monitor non-traditional competitors entering our market. • Excel in the delivery of client and operational service.

MATERIAL MATTERS AND MITIGATION CONTINUED

BUSINESS SUSTAINABILITY, GROWTH AND THE EXPANSION OF SERVICES

Metrofile remains the records and information management market leader in South Africa, but the required level of growth can only be achieved by entering promising markets and expanding the Group's bouquet of service offerings.

Metrofile is driving growth through:

- Targeting direct organic growth to widen our client base in South Africa.
- Broadening our offering of products and services, particularly in the digital space.
- Partnerships with software and technology specialists.

STRATEGIC OBJECTIVES

- Restructuring of debt.
- Enhancing our client relationships.
- Focus on core business.
- Focus on healthy cash generation and conversion.

ASSOCIATED RISKS AND OPPORTUNITIES	KEY MITIGATIONS
Client satisfaction Expanding our services presents an opportunity to retain existing clients and gain new clients.	• Executive call-in visits to clients. • Group executive sponsorships for strategic clients are in place. • Negotiating global contracts. • Client needs are assessed and solutions identified. • Revisit the core of the business on a regular basis to ensure that focus is maintained. Ensure that services being offered are robust and can be supported. • Introduce business initiatives that are closely associated with our core business offerings.
Aligning processes and procedures across all geographies Harmonising business practices across the Group presents an opportunity for streamlining operational efficiencies.	• Standardisation of Group best practices and criteria. • Regular business reviews and strategic discussions. • Standard reporting of financial results and Group consolidation tool in place. • Standardisation and optimisation of operations across records and information businesses in progress.
Integration of systems Maintaining the integrity of operational and financial information across multiple geographies remains a priority.	• Standard reporting of financial results and Group consolidation tool in place. • Reconciliations between operational and financial systems.
Financial performance Having the optimal debt structure, cost reduction initiatives and cash generation plans in place to ensure a financial performance which creates value for shareholders.	• Debt structuring to ensure the Company is within our target debt utilisation taking into account the relevant tax planning initiatives. • Continue to optimise cost structures, key measurement ratios and efficiencies. • Focus on healthy cash generation and conversion through active management of working capital components and balance sheet efficiencies.
Competitor behaviour Keeping abreast of competitor activity allows Metrofile to defend its market position and maintain a competitive edge.	• Build and maintain good client relationships at all contact points within the business units. • Pre-empt competitor actions so as to maintain market leadership. • Build an awareness to monitor non-traditional competitors entering our market.

LOCALISATION AND B-BBEE TRANSFORMATION REQUIREMENTS

Localisation and B-BBEE transformation are essential, as are the indigenisation requirements of our various countries of operation. Indigenisation facilitates strong stakeholder relationships with local communities and bolsters the Group's acceptability, relevance, and appropriateness as we operate in different geographies.

Metrofile will endeavour to remain a preferred corporate citizen of choice in all the countries in which we operate.

STRATEGIC OBJECTIVES

- Enhancing our client relationships.

ASSOCIATED RISKS AND OPPORTUNITIES	KEY MITIGATIONS
Regulatory, legal and contractual compliance Country specific localisation policies might not be met in all geographies of operation.	• Review regulatory changes and changes in the business for compliance. • Maintain a register of applicable regulations and laws which is considered in all business dealings. • In South Africa: o Drive skills development throughout the organisation in a consistent manner in keeping with BEE legislative requirements. o BEE strategy and plan in place to maintain and approve BEE level over time. • For Rest of Africa, local partnership agreements have been entered into where there is a local content requirement.
Appropriate skills Astute talent management is required to ensure that competent staff with the necessary skills are recruited.	• Succession plans for executive directors, senior Group and subsidiary management in place.
Human Resource effectiveness Inadequate HR processes could harm staff retention, succession planning and the pace of transformation, while sound HR policies can transform Metrofile in a manner that will contribute a flow of new skills and talent into our industry.	• Management and HR have procedures in place for labour related communications and instances of industrial action. • Critical skills and responsibilities are identified and remunerated accordingly, while high potential employees are given career building and leadership opportunities. • Remuneration packages are market related to retain competent staff. • Transformation in Metrofile's South African businesses is closely monitored by executive management and is linked to executive KPIs and remuneration.

MATERIAL MATTERS AND MITIGATION CONTINUED

MULTI-JURISDICTIONAL LEGAL AND REGULATORY COMPLIANCE

Our operations cover a broad range of regulatory regimes. Compliance with regulations, laws and contractual commitments must be vigilantly monitored and managed.

Accepting that each economy will have its own business idiosyncrasies, laws and trade patterns, we build relationships with credible local suppliers and advisers.

STRATEGIC OBJECTIVES

- Focus on core business.
- Enhancing our client relationships.

ASSOCIATED RISKS AND OPPORTUNITIES	KEY MITIGATIONS
Bribery and corruption Developments in global anti-bribery and anti-corruption enforcement point to the need for a broad, multi-jurisdictional compliance approach.	• Anti-bribery and anti-corruption policy and anti-competitive behaviour policy in place. • Gift and declaration policy and procedure in place and signed off by all senior staff. • Anti-bribery and anti-corruption training conducted annually. • Compliance declaration signed off by Company MD's annually. • Three quote system in place for procurement, with approval in line with authority frameworks. • Supplier selection and evaluation process in place. • Sales and pricing policies and procedures in place.
IT and data security and privacy Physical and digital security, confidentiality and handling of client information need to be protected. Non-compliance with privacy regulations in geographies could result in fines and reputational risk.	• IT Steering Committee oversight. • IT security policy continuously reviewed to align with IT security needs • Adequacy of external perimeter security controls regularly reviewed. • Regular penetration and vulnerability testing conducted. • Firewall continuously monitored and upgraded. • Vehicles and premises are secured at all times. • Confidentiality, NDAs, background screening and MIE checks are implemented. • Vulnerability assessments, penetration testing, malware protection and password controls are all in place to protect data.
Occupational Health and Safety (OHS) Non-compliance with legislation could result in penalties, liabilities or claims.	• Metrofile conducts risk assessments and rolled out a comprehensive health, safety and facility risk compliance framework across all business units. • First line assurance provided by subsidiary management via the SafeCyte compliance system. • Third line assurance provided over health and safety compliance by an outsourced service provider. • New employees are formally inducted into operational procedures and training is provided in first aid, firefighting and evacuation procedures, in line with regulations.

INFRASTRUCTURE AND OPERATIONAL RISKS

Infrastructure upgrades are made continuously to ensure safe and healthy work environments for employees and to securely manage information assets.

A rolling capital expenditure plan is in place to ensure continuous upgrading of automatic firefighting and smoke detection equipment.

We have invested considerable financial capital and management time to enhanced infrastructure, safety and in mitigating operational risks.

STRATEGIC OBJECTIVES

- Enhancing our client relationships.
- Focus on core business.

ASSOCIATED RISKS AND OPPORTUNITIES	KEY MITIGATIONS
Fire Damaged facilities would lead to severe interruption of business operations, while destroyed documents will result in reputational damage.	• Minimal electricity in warehouses. • Thermographic scans conducted on electrical distribution boards. • Early warning fire detection continuously upgraded under asset management programme. • Automatic and handheld fire suppression/ fighting systems and gas suppression systems in vaults. • Regular servicing of fire equipment. • Quarterly emergency drills and a post-emergency analysis.
Racking collapse Falling materials and collapsing loads could impact business operations, endanger employees and result in damage to client's information.	• All racking supplied and installed in terms of standards. • Annual racking inspection by suppliers, with remedial reports. • Formal risk assessments to identify risks early and implement remedial action within given timeframes.
Occupational Health and Safety (OHS) Non-compliance with legislation could result in penalties, liabilities or claims.	• Regular risk assessments and a comprehensive compliance framework across all business units. • First line assurance by subsidiary management via SafeCyte compliance system. • Third line assurance over health and safety compliance by service provider. • New employees formally inducted into operational procedures and training provided in first aid, firefighting and evacuation procedures, in line with regulations
Security measures Without an international view and control of crime issues and security requirements the Company may face severe operational disruption, financial losses, reputational damage and/or injury to staff.	• Perimeter controls, including electric fences linked to armed response and security guard patrols. • Biometric access control. • Site access controls for visitors. • Sites physically monitored 24/7 by outsourced security personnel. • Actively monitor Company vehicles for suspicious activities and panic signals. • Formal barcoded lock down procedures followed at the end of each business day, with a security presence after hours.
IT Infrastructure It is important to regularly upgrade the IT systems and infrastructure to keep abreast of improved technologies and to align with and be able to deliver the Group's digital strategy.	• Reviews of systems and infrastructure. • Investment in upgrades and new software. • Appointment of specialists with IT expertise. • Review of internal data protection and privacy measures.

BUSINESS MODEL

Metrofile's business model draws on six capital inputs: financial, manufactured (built), intellectual, human, social (relationship) and natural capital, and shows how its activities transform them into outputs. In the adjacent business model schematic, we show how we manage each capital and how we have performed.

INPUTS

(Refer to pages 28 to 34)

FINANCIAL CAPITAL

- Market capitalisation
- Debt funding

MANUFACTURED CAPITAL

- Warehouses
- Racking
- Processing centres
- Data storage vaults
- Disaster recovery facilities
- Vehicles
- Equipment

NATURAL CAPITAL

- Energy
- Resources

INTELLECTUAL CAPITAL

- Human capital
- Business systems and processes

SOCIAL AND RELATIONSHIP CAPITAL

- Reputation and brand
- Transparency
- Stakeholder relationships
- Integrity and ethical standards
- Transparency and good governance

HUMAN CAPITAL

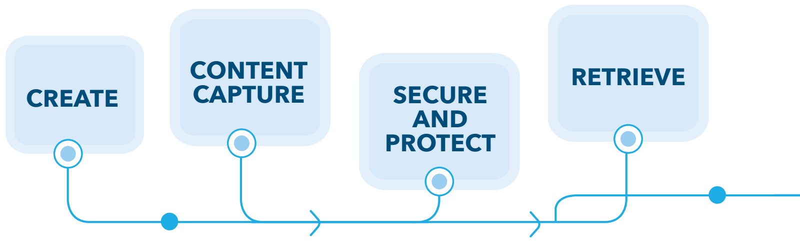
- Skilled workforce
- Learnership programmes
- Employee wellness

RISK MANAGEMENT AND PHILOSOPHY

EXTERNAL OPERATING ENVIRONMENT

OUR APPROACH TO VALUE CREATION

OUR VISION TO BE OUR CLIENTS' TRUSTED RECORDS AND INFORMATION MANAGEMENT PARTNER



Metrofile's business model is based on the lifecycle of a physically or digitally recorded document. Once a document is passed on to Metrofile for backup, security or storage, we offer the in-house infrastructure, technology and specific services to securely manage each phase of the document's lifecycle until its ultimate destruction and recycling.

Reliable records and information management is a vital responsibility. Modern organisations cannot function without secure and timely information. In an era in which data is being increasingly targeted by hackers for financial leverage, information has gained in economic, legal, fiscal, risk management and competitive value.

RISKS AND OPPORTUNITIES (Refer to page 20)

GOVERNANCE

Sound management of risks and opportunities enable the Group to anticipate and respond to changes in its business environment as well as provide the ability to take informed decisions under certain condition.

Our external environment presents conditions that effect our ability to generate value every time. We face conditions such political and economic volatility in South Africa, rest of Africa and the Middle East, legal and regulatory compliance.

OUR MISSION

TO ENABLE ORGANISATIONS AND THEIR PEOPLE TO MANAGE THEIR RECORDS AND INFORMATION SECURELY, RAPIDLY, INTELLIGENTLY AND COST-EFFECTIVELY

STORE
BACKUP
ARCHIVE
DESTROY
RECYCLE

Governments and business regulators are introducing stricter measures for securing and storing information or data. Failing to protect critical information or client data can lead to reputational damage, loss of business and financial penalties.

Metrofile deploys all accepted forms of records and information management, including paper, analogue and digital content.

DIGITAL SERVICES

PRODUCTS AND SOLUTIONS

OUR STRATEGIC PILLARS AND OBJECTIVES (Refer to pages 18 and 19)

Corporate culture, ethics, performance and value creation, adequate and effective control, regulatory compliance.

OUTPUTS

(Refer to pages 28 to 34)

FINANCIAL CAPITAL

- Revenue
- Profit
- Return on capital
- Dividends
- Cash generated by operations

MANUFACTURED CAPITAL

- Secure storage
- Digital services
- Business support services
- Products and solutions

NATURAL CAPITAL

- Emissions
- Waste

INTELLECTUAL CAPITAL

- Secure storage
- Digital services
- Business support services
- Products and solutions

SOCIAL AND RELATIONSHIP CAPITAL

- Around 13 000 clients
- Service delivery
- Level 3 B-BBEE scorecard

HUMAN CAPITAL

- 88% historically disadvantaged South Africans, of which 39.6% are black women
- Level 3 B-BBEE scorecard
- 18.3% employee turnover
- Succession plan

OUTCOMES

(Refer to pages 28 to 34)

FINANCIAL CAPITAL

- Cash generative, based primarily on annuity revenue from stable and renewable contracts
- Cash reserve for strategic upgrading and acquisitions

MANUFACTURED CAPITAL

- ICT infrastructure
- Secure facilities and safe workplaces

NATURAL CAPITAL

- Cleaner mobility
- Low-energy warehouses
- Paper recycling

INTELLECTUAL CAPITAL

- Trust and confidence
- Performance improvement
- Trend awareness
- Competitiveness

SOCIAL AND RELATIONSHIP CAPITAL

- Commitment to transparency, quality and integrity
- Insight into clients' requirements
- Improved Group collaboration
- Socio-economic development
- Contributed 1.36% of NPAT to SED initiatives

HUMAN CAPITAL

- Skilled workforce
- Succession planning
- Diversity and transformation
- Inflow of women, young people and the disabled

CAPITAL OUTCOMES

FINANCIAL CAPITAL

Our financial capital inputs are made up of cash generated by our operations and debt and equity financing. These funds provide working capital to run our business and finance both expansion and replacement capital expenditure. The funds are also used to pay interest on borrowed money and distribute dividends to shareholders, when appropriate. Our financial capital is reinvested in all the other capitals in a measured way to grow and sustain our business, after careful consideration of the returns they will generate.

TRADE-OFFS IN OUR USE OF FINANCIAL CAPITAL OUTCOMES

- Sustaining and growing our expansion, products, solutions, people and communities with the use of financial capital, with positive impacts on most other capital stocks.
- Use of financial capital to build new infrastructure and invest in our vehicle fleets may negatively impact on natural capital.

KEY INPUTS

- Market capitalisation R719m (2018: R1 501m).
- Cash and cash equivalents R34.9m (2018: R52.3m).
- Free cash flow increased 38% to R119m (2018: R86m).
- Net asset value R561.8m (2018: R621.9m).
- Net debt improved 4% to R588m (2018: R615m).

OUTPUTS

- Revenue increased by 5% to R913.4m (2018: R873.5m).
- EBITDA maintained at R271.1m (2018: R271.6m).
- Closing box volumes of 11.1m (2018: 10.6m).
- Group HEPS 20.5c (2018: 28.9c).
- Group NHEPS 27.2c (2018: 31.8c).
- Cash generated from operations before net working capital changes R250.6m.
- R71.3m capital expenditure was incurred, of which R64.5m was expansionary capital expenditure.

HOW WE ACHIEVED THESE OUTCOMES

- Efficient capital allocation.
- Net box volume growth.
- Working capital management.
- Exiting non-core businesses.
- Cost control.

MANUFACTURED CAPITAL

We leverage our asset base, including warehouses, properties, data storage vaults, disaster recovery facilities, vehicles, specialised equipment and high-end dedicated fibre, to service our clients. We rely on IT equipment and software to provide new products and solutions to our clients. Investment in warehousing, infrastructure, processing and other assets is essential to deliver quality products reliably to our clients. Metrofile constantly explores new technology and ways to operate our assets more efficiently and effectively.

TRADE-OFFS IN OUR USE OF MANUFACTURED CAPITAL OUTCOMES

- Pursuing excellence in operating manufactured assets across the value chain underpins performance in safety, reliability and cost-effectiveness.
- Adopting advanced technology results in more efficient business processes and allows us to offer digital tools and solutions to clients.
- Although our warehouses make use of natural light as far as possible, transport and courier services contribute to Scope 3 emissions.

KEY INPUTS

- Properties, buildings and warehouses:
  - The Group operates from 67 facilities, at 37 locations, covering 114 226 square metres of warehousing space, 48% of which is owned.
  - 20 processing centres.
  - 18 data storage vaults.
  - 3 disaster recovery facilities.
  - 1 specialised document destruction facility.
  - 1 printing and die-cutting facility.
  - 1 wood-working factory.
- Fleet of vehicles, including specialised mobile shredding trucks.
- Sophisticated ICT infrastructure.
- Other equipment (including scanners, forklifts, fire suppression and security equipment).

OUTPUTS

- Secure storage.
- Digital services.
- Business support services.
- Products and solutions.

HOW WE ACHIEVED THESE OUTCOMES

- Manufactured capital is managed strictly in line with best practice to include:
  - Physical access controls supported by security and fire detection systems.
  - Adequate insurance of assets.
  - Ongoing maintenance of buildings and fleet.
- A rolling capital expenditure plan ensures continuous upgrading of infrastructure.
- Metrofile owns or leases premises based on the prevailing economic realities in each country in which we operate.
- Operating lease commitments amount to R98.1 million for the next five years.
- Investments were made in IT infrastructure, motor vehicles, racking, equipment and mobile shredding equipment. Capital investment plans for the next financial year amount to R93 million, of which R58.7 million relates to expansion.
- Facilities are designed to maximise space and are purpose-built with designed racking matching height-specific requirements to weight.
- Customised data vaults are tightly secured, fireproof, environmentally controlled and constantly monitored by CCTV cameras.
- Warehouses make use of natural light and headlamps where possible, to reduce potential fire ignition sources.
- In-house vehicle fleets combined with outsourced couriers to maximise client service and fleet.
- Upgrading and updating secure ICT infrastructure.

CAPITAL OUTCOMES CONTINUED

NATURAL CAPITAL

Metrofile continues to manage its impact on the natural environment. The nature of our business enables us to drive our environmental commitment by focusing on the importance of recycling which is the primary business of Cleardata. Our environmental impact is offset by recycling boxes and documents which is our single largest environmental contribution. In the past financial year, Metrofile recycled approximately 5 000 tons of paper.

We remain aware of global environmental concerns, and continue to monitor our usage of water, electricity and fuel. Management is working towards establishing baseline reporting data to enable better monitoring of consumption and show year-on-year improvements, and encouraging recycling of all materials at our operations.

TRADE-OFFS IN OUR USE OF NATURAL CAPITAL OUTCOMES

- Our use of non-renewable resources, such as fossil fuels, and our emissions and wastes, negatively impact natural capital.
- We convert natural capital into value-added services and boost the stocks of other capitals.
- Recycling significant volumes of paper saves transport and handling costs.

KEY INPUTS

- Electricity generated primarily from fossil fuels.
- Petrol and diesel used to fuel vehicles and generators.

OUTPUTS

- Scope 3 emissions.
- Reduced waste-to-landfill.
- Continued focus on reducing electricity consumption.

HOW WE ACHIEVED THESE OUTCOMES

- We strive to reduce the impact of paper and packaging waste on landfills and are committed to encouraging recycling.
- Recycling is one of the strategic operations of the Group, as we collect and recycle ~400 tons of paper per month.
- Our warehouses are low-energy.
- We are managing our electricity consumption and operating costs.
- We continue to analyse and monitor the Group's impact on the environment.

ELECTRICITY

- Warehouses are designed with minimum power usage so as to reduce cost and the risk of fire. Natural light is used as much as possible through the use of translucent sheeting.
- In conjunction with natural light, employees working in warehouses utilise headlamps to ensure that their safety is optimised at all times whilst reducing the requirement and risk of powered lighting.
- Lights are switched off when offices and meeting rooms are not in use and low-energy bulbs have been installed.
- Geyser temperatures are managed.

WATER

- All staff are aware that water is a precious natural resource which must be used sparingly.
- Leaks are reported and repaired timeously.

FUEL

The Group has implemented the efficient use of its fleet:

- Reduction in the number of vehicles utilised.
- Monitoring of the driving techniques of our drivers.
- Structured maintenance and replacement policy.

We continue to work on understanding our carbon footprint:

- Group and regional offices have been equipped with video-conferencing facilities to reduce internal travel.
- Offices and warehouses are strategically located near to public transport hubs, to enable staff to access and use public transport.
- We monitor our carbon footprint in relation to business travel and are considering programmes to generate carbon credits.
- Metrofile is under the threshold for mandatory Greenhouse Gas (GHG) reporting and thus will not be required to pay carbon tax.

INTELLECTUAL CAPITAL

Our intellectual capital is derived from our extensive industry experience, combined with technology, procedures and processes developed by the Group. Metrofile keeps abreast of industry and consumer trends to stay relevant in the future, while delivering excellence in the present.

In this dynamic industry, Metrofile focuses on innovation of products and services and the introduction of specialist skills to develop innovative solutions for our clients. Metrofile's investment in research and development has led to an ever-expanding range of products and solutions.

TRADE-OFFS IN OUR USE OF INTELLECTUAL CAPITAL OUTCOMES

- Intellectual capital dovetails with human capital through employee competence, skills, training and development.
- Intellectual capital exists in all key support functions such as financial, administration, client relations and IT.
- The cumulative value of the intellectual capital that Metrofile has refined over nearly four decades informs and drives our evolving business strategy. Building onto the other five capitals, it enables Metrofile to remain sustainable and ahead of our competitors.

KEY INPUTS

- Skilled, experienced and technically qualified human capital.
- Business systems and processes.
- Experienced leadership responsive to the changing environment and client needs.

OUTPUTS

- Secure storage.
- Digital services.
- Business support services.
- Products and solutions.

HOW WE ACHIEVED THESE OUTCOMES

- The Group's intellectual capital is refined through a continuous improvement process based on:
  - Responding to changing needs.
  - Competitive intelligence.
  - Anticipating the future needs of clients.
  - Collaborating internally with Group businesses to pool intellectual capital.
  - Consulting with clients to create tailor-made solutions that fit their unique records and information management needs.
  - Partnering with the best providers of forward-thinking technology solutions and services.
  - Acquiring product lines in emerging technologies.
  - Continuously assessing product and service gaps, as well as identifying adjacent opportunities.
  - Improving operational efficiencies and cost management.
  - Identifying and mitigating risks.
  - Upskilling and motivating our workforce.
- Metrofile's range of consultancy services is designed to help clients navigate the world of records management. Consultants assist clients setting up the policies and procedures necessary to manage their information effectively, as well as defining relevant roles and responsibilities within the Company. This includes building file plans, data clean-ups or audits, developing retention policies, training staff and advising clients on the relevant legislation.
- Metrofile's range of specialised records management software includes dataStor and e-Tracker.
- Examples of new services:
  - Archiving of 3D operational data.
  - Single electronic platform for credit communications.
  - Integrated electronic systems.
  - Robotics processing.

CAPITAL OUTCOMES CONTINUED

SOCIAL AND RELATIONSHIP CAPITAL

Social and relationship capital is an integral part of the value of Metrofile. It involves our business and institutions associated with it, as well as the relationships with employees, communities, shareholders, clients, suppliers, industry and government. Through ongoing engagements with our stakeholders, we endeavour to create transparent trust-based relationships to understand their views, and inform our response to their unique needs. At the heart of our social and relationship capital plan is a need for Metrofile to support and meaningfully contribute towards social and economic transformation for the people whose lives we touch.

TRADE-OFFS IN OUR USE OF SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES

- Positive impact on the communities we serve, which promotes our brand awareness and, in the long-term has a positive impact on our financial capital.
- Building human and intellectual capital, which positively impacts social transformation and Metrofile's competitive edge in providing excellent service to our clients.

KEY INPUTS

Central to Metrofile's social and relationship capital plan are our Socio-Economic Development (SED) initiatives which are focused on specific needs of surrounding black communities. The initiatives (such as bursaries and sponsorships for school and tertiary education, and healthcare support) enable black people to gain sustainable access to the economy. We invest a minimum of 1% annual of our net profit after tax (NPAT) in these initiatives. In 2019, our SED spend amounted to 1.36% of our NPAT.

The following are our key inputs towards social and relationship capital for the reported period:

- Continued constructive engagements with all stakeholders.
- Close engagement with shareholders and investors.
- Donation of storage space to healthcare facilities for the storage of confidential data.
- Conducting business in a transparent manner that is mutually beneficial and sustainable.
- More than 70% of our total procurement from B-BBEE compliant suppliers.
- Youth empowerment through education bursaries for unemployed black youth in local communities aspiring to be teachers.
- Outreach activities by our employees and donations towards community charities/organisations.
- Employee engagement through surveys and ethical workplace practices.

OUTPUTS

- Consistent high quality service.
- Level 3 B-BBEE scorecard.
- Ongoing interactions with government and tax authorities.
- The funds we donate towards community charities/organisations enable them to deliver on and expand their social transformation mandates.
- Funding towards education of children and unemployed youth improves their access to the job market and creates a talent pipeline for the business.

HOW WE ACHIEVED THESE OUTCOMES

- Metrofile ensured that any matters arising from stakeholder engagements were reviewed considering stakeholders' perspectives, to ensure alignment of Metrofile's services to its stakeholders' expectations.
- The Metrofile holding company and subsidiaries established a consistent Group-wide approach to stakeholder engagement to ensure effective messaging and interactions (refer to diagram on the next page).
- We continued to honour our commitment to contribute a minimum of 1% of our NPAT to initiatives focused on achieving sustainable social transformation.

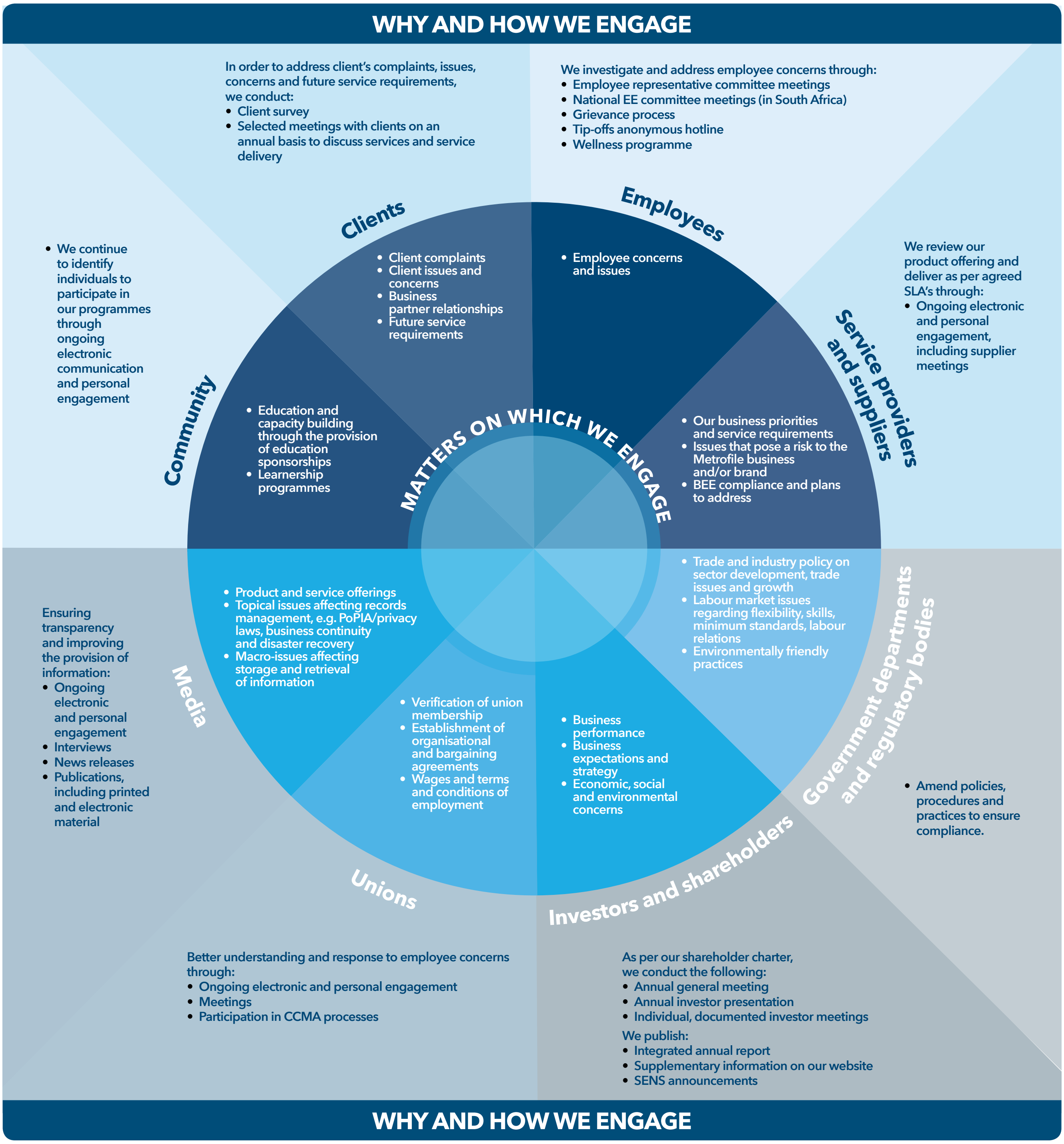
STAKEHOLDER ANALYSIS

Engaging with stakeholders is an important part of our business. We recognise that we depend on sound relationships with all our stakeholders in order to grow our business and provide value. We are committed to collaboration, positive partnerships, engagement, consultation and teamwork to achieve common goals.

Through our various functional disciplines, we have implemented processes to monitor stakeholder engagement.

Key stakeholders are identified according to their interests, areas of expertise and levels of influence. Areas of concern and opportunities to improve are escalated to the responsible executive, and to the Board where required.

As stakeholders change, stakeholder mapping and analysis is undertaken regularly. Our primary stakeholders are our employees, suppliers, government departments and regulatory bodies, shareholders, unions, media, communities and clients. These groups are presented in the stakeholder map below.



CAPITAL OUTCOMES CONTINUED

HUMAN CAPITAL

Although Metrofile is becoming increasingly technology-focused, many processes still rely on manual labour and physical handling. We depend on the expertise and experience of our people, their health, skills and safety, to operate our facilities safely and efficiently, and in so doing assist in the delivery of our strategy. Our people management methodology contributes to resolving inequalities in the workplace, and our ongoing investment in employee training and development is aimed at preparing our people for a digital future.

Our subsidiaries and associated companies in Africa and the Middle East have indigenisation policies in place, which are managed by local partners and management.

TRADE-OFFS IN OUR USE OF HUMAN CAPITAL OUTCOMES

- To attract and retain technical and specialist skills, we maintain and improve productivity levels and innovate around new technology solutions.
- Training and development build competencies and collective values around safety, operational excellence and innovation.
- Remuneration strategies focus on entrenching a performance-driven culture, which supports cost optimisation.
- Effective management of risks associated with industrial action by building partnerships with trade unions and engaging in other structured forums.

KEY INPUTS

- Leadership.
- Skilled workforce with the relevant knowledge and experience:
  - South Africa: 1 222.
  - Outside of South Africa: 376.
- Metrofile's learnership programmes in South Africa.
  - During the 2018/2019 financial year trained a total of 168 learners, 110 unemployed learners and 58 employed learners. Of the above learners 167 are black and 95 are female.
- Active pursuit of transformation.
- Employee wellness programme.

OUTPUTS

- Level 3 B-BBEE scorecard.
- 18.3% employee turnover.
- Succession planning in place.
- 88% historically disadvantaged South Africans, of which 39.6% are black women.

HOW WE ACHIEVED THESE OUTCOMES

- Compliance with labour legislation.
- The Group has a mature, well-entrenched range of effective human resource policies and procedures in place, which are introduced to new employees during induction.
- Our people operate within a clearly defined framework and must adhere to the Group's code of conduct and business ethics.
- Training of marginalised groups such as women and the youth are prioritised.
- Executive and senior management performance in reaching transformation targets is linked to their remuneration.
- In accordance with our skills development initiatives, Metrofile in South Africa has several learnership programmes underway for employed staff and unemployed learners.
- In South Africa, Metrofile is a fully accredited member of the Services SETA and reclaims its full development levies every year.
- Metrofile works with our primary B-BBEE shareholder, the Mineworkers Investment Company, to grow the skills of our people and improve employment equity ratios through all levels.
- The South African operations have a set policy of procuring services and supplies from black-owned businesses, with black woman-owned businesses as first choice.
- Metrofile facilities in South Africa are regularly visited by our wellness service provider, which offers basic health checks, advice, guidance and counselling.
- Metrofile conducts a comprehensive HIV/Aids strategy and programme, based on the core principle that the human rights and dignity of any employee infected by the virus should be upheld.
- Metrofile embedded the SafeCyte compliance system to monitor and maintain safe workplaces. We maintain a register of all workplace accidents and no serious injuries were reported over the past year, and no significant loss of time due to injury.
- Staff members are actively involved in health and safety committees, with health and safety training conducted each year.
- Zero tolerance for any form of discrimination or unfair treatment.
- Employees receive regular performance reviews.
- Engagement with unions in the spirit of free association.

CORPORATE GOVERNANCE

Metrofile Holdings Limited and its subsidiaries confirm their commitment to driving positive governance outcomes through principles, as advocated by the King IV™ Report on Corporate Governance for South Africa, 2016 ("King IV™"), and remain committed to complying with legislation, regulations and best practices relevant to the business.

During the year ended 30 June 2019 and up to the date of approval of this integrated annual report, the principles articulated in the JSE Listings Requirements and the King IV™ Report have been substantially applied.

Throughout the reporting period, action plans identified during the previous financial year have been implemented to further align the Company's governance principles with the King IV™ philosophy, principles and governance outcomes.

Throughout this section of the report, we have reported on these action plans, as well as highlighted key focus areas for the next financial year.

VALUE CREATION

The Board regards governance as fundamental to the success of Metrofile's business. It is committed to applying the principles of good governance in directing and managing the Group in order to achieve its strategic objectives.

As reported in the creating value sustainably section of this report (refer to pages 16 to 34), the integration of our stakeholder engagement, material matters assessment, strategy and business model development, together with our performance management and outlook, ultimately encapsulates the value creation story of the Group, overseen by our governance framework.

The Group endeavours to provide relevant reporting in a transparent manner to its stakeholders through the medium of the integrated annual report, annual and interim financial results, as well as supplementary reports and engagement with various stakeholders throughout the year.

Communicating with all stakeholders is a fundamental part of Metrofile's drive to provide timely, transparent and full disclosure. Metrofile is further committed to transparent reporting to all its stakeholders.

During this financial year, there has been a change in how results are reported to our stakeholders, to ensure that more relevant information is provided to our stakeholders, with enhanced disclosure. In addition, stakeholder communication and investor relations have been identified as key focus points for the 2020 financial year.

BUSINESS CONDUCT, ETHICS AND PREVENTION OF CORRUPTION

Metrofile is built on four promises, namely commitment, integrity, reliability and resourcefulness, which support our vision of being our clients' trusted records and information management partner. As such, the Group's business philosophy requires that directors, employees and business partners conduct themselves with honesty and integrity in all business practices to achieve the highest standard of ethical behaviour.

The Company has adopted a Code of Ethics, which is available on the website. The purpose of the Code of Ethics is to prevent unethical business practices and to provide guidelines to ensure all our business dealings and partnerships are conducted fairly and ethically. The Code of Ethics stipulates, among other things, that the Company must ensure it practices good business ethics, as well as ensuring that all of its subsidiaries and business partners adhere to the Code of Ethics.

The Board considers sustainability to encompass social and environmental responsibility, good corporate governance and ethics, which are fundamental to the way the Company interacts with its stakeholders, investors, clients, suppliers, employees and the community.

Metrofile is committed to govern its activities in a manner that is commensurate with the overarching corporate governance principles of fairness, accountability, responsibility and transparency.

The Board, CEO and CFO lead by example in terms of commitment, honesty and integrity. The leadership team continually supports and promotes an integrity-driven culture.

ETHICAL AND RESPONSIBLE LEADERSHIP

As a member of Professional Records and Information Services Management (PRISM) International, a non-profit trade association for the commercial information management industry, Metrofile subscribes to a philosophy of professionalism towards clients, fellow PRISM members and the public.

The Group subscribes to a whistle-blowing hotline, which was established in order to create a channel for anonymous tip-offs relating to any matter of concern impacting the Group or our stakeholders. All tip-offs are investigated and a summary of the tip-off reports, the investigation undertaken and the outcome thereof are reported to the Audit, Governance and Risk Committee, as well as the Social, Ethics and Transformation Committee. This summary also includes any reports received via channels other than the whistle-blowing hotline. No material reports were made via the whistle-blowing hotline, or other channels, for the reporting period.

An annual declaration process exists for the Company's directors and management team covering gifts, disclosure of interest and compliance. No material matters were identified for reporting through this channel.

Organisational ethics is overseen by the Social, Ethics and Transformation Committee. During the reporting period, we built on the staff refresher training with regard to business conduct, ethics, exchange of gifts and entertainment, anti-bribery and anti-corruption and anti-competitive behaviour within the South African Group companies. We continue to emphasise the following key themes:

- Any wrong-doing, in accordance with the governance policies, should be reported via the anonymous whistle-blowing hotline;
- Any non-compliance with Metrofile's values and rules will not be tolerated; and
- Managing fears that reporting unethical behaviour will lead to victimisation.

For the 2020 financial year we will continue to conduct similar training sessions and advertising campaigns for the Group companies outside of South Africa and to formalise programmes to monitor organisational ethics further.

RESPONSIBLE CORPORATE CITIZENSHIP

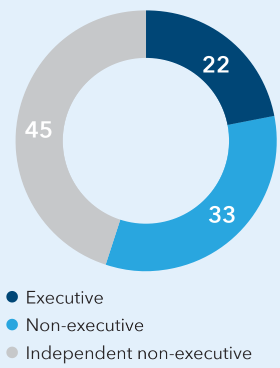
Corporate citizenship underpins Group strategy and reputation in so far as human, social and relationship and natural capital are concerned.

Corporate citizenship is overseen by the Social, Ethics and Transformation Committee and is reported on in the six capitals section (refer to pages 32 to 33 for social and relationship capital feedback).

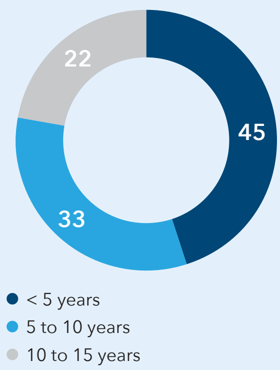
The Board acknowledges its responsibility to consider the impact of the Company's operations on the economy, community, the environment and its stakeholders in its decision-making and is committed to the principles of sustainability in achieving Metrofile's strategy. For Metrofile, sustainability encompasses social and environmental responsibility as well as corporate governance and ethics. The Group retains overall control of its subsidiaries, which ensures that its sustainable business model of long-term growth built on a responsible, social and environmental platform is filtered through.

The Company strives to minimise its own impact on the natural environment and utilisation of resources. In this regard, we commissioned a review to better understand our Greenhouse Gas emissions and to assist in setting longer term environmental targets. These initiatives will be the focus for 2020.

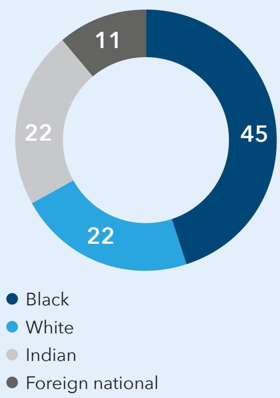
DIRECTOR CLASSIFICATION (%)



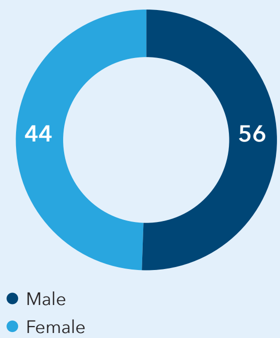
DIRECTOR TENURE (%)



RACE GROUP (%)



GENDER DIVERSITY (%)



BOARD OF DIRECTORS

For more information on the Board of directors, please visit our website:
www.metrofilegroup.com

Christopher Stefan SEABROOKE (66)

BCom, BAcc, MBA, FCMA

Independent non-executive Chairman

Mary Sina BOMELA (46)

BCom (Hons), CA(SA), MBA

Non-executive director and deputy Chairman

Pfungwa Gore SERIMA (54)

BSc (CompSc) and Business Studies

Group Chief Executive Officer

Shivan MANSINGH (33)

BaccSci, HDipAcc, CA(SA), MBA

Group Chief Financial Officer

Muhammed Zaheer ABDULLA (32)

BSc (Actuarial Science) Honours

Non-executive director

Phumzile LANGENI (45)

BCom (Acc), BCom (Hons), MCom

Lead independent non-executive director

Lindiwe Evarista MTHIMUNYE (45)

BCom, CA(SA), MCom, HDip Tax Law

Independent non-executive director

Graham Dunbar WACKRILL (65)

BCompt

Non-executive director

Sindiswa Victoria ZILWA (52)

BCompt (Hons), CA(SA), CD(SA)
Advanced Diploma in Financial Planning (UFS)
Advanced Diploma in Taxation (UNISA)
Advanced Diploma in Banking (RAU)

Independent non-executive director

Leon ROOD (42)

BCom, LLB

Independent non-executive alternate director to Chris Seabrooke

BOARD OF DIRECTORS CONTINUED

COMPOSITION

The Board comprises a diverse group who have adequate and appropriate knowledge, skills and experience. This is necessitated by the size and nature of Metrofile's business, in order to act in the best interest of the Company and its stakeholders.

Each director brings independent judgement and experience to Board deliberations and decisions. The directors' technical, entrepreneurial, financial and business skills are well balanced.

Throughout the reporting period, the Board, which is chaired by an independent non-executive director, comprised four independent non-executive directors, three non-executive directors and two executive directors.

Chris Seabrooke continues his role as Chairman of the Board and Pfungwa Serima is the Group CEO. The separation of these two roles ensures a balance of authority and precludes any one director from exercising unfettered powers of decision-making. An official succession plan for the role of Chairman and CEO is in place.

The Nominations Committee has approved the continuance of the current Chairman. Notwithstanding Chris Seabrooke's tenure of 16 years on the Board and his family's indirect economic interest as at 30 June 2019 of 4.23% in Metrofile, the other Board members have unanimously determined that Chris continues to exercise strong independent judgement and leadership in his capacity as Chairman of the Group.

The Board continues to have a lead independent non-executive director, Phumzile Langeni, in order to strengthen independence of the Board. The lead independent non-executive director's duties include:

- Assisting the Board to deal with management of any actual or perceived conflicts of interest that arise on the part of the Chairman;
- Presiding at all meetings of the Board at which the Chairman is not present or where the Chairman is conflicted, including any sessions of the independent directors;
- Serving as principal liaison between the independent directors and the Chairman;
- Performing all such functions that cannot be performed by the Chairman due to his absence or the existence of a conflict of interest; and
- Liaising with major shareholders if requested by the Board in circumstances or transactions in which the Chairman is conflicted.

All director appointments are a matter for the Board as a whole and are formal and transparent. The Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence. The following changes were made to the Board of Directors during this year:

- Pumzile Langeni was appointed as the lead independent non-executive director effective 10 July 2018.
- Zaheer Abdulla replaced Cynthia Pongweni as one of the Mineworkers Investment Company (RF) (Pty) Limited's representatives with effect from 15 September 2018.
- Effective 31 October 2018, Mark McGowan resigned as Group CFO. He was replaced by Kelebogile Dludla, who resigned effective 8 March 2019.
- Shivan Mansingh was appointed as the new Group CFO with effect from 1 April 2019.
- Leon Rood was appointed as an alternate to Chris Seabrooke, effective 1 February 2019.

The Board has adopted a Board diversity policy, which reflects race and gender targets and measures. At Board level the intent is to maintain a voluntary target of 40% female and 50% race representation. The Board is currently meeting these targets with 44% of our members being female, 45% being black and 22% being Indian.

Brief biographical details of each Board member are reported on page 37, with more detail available on the Company's website.

BOARD ROLES AND RESPONSIBILITIES

In making its decisions, the Board strives to achieve the appropriate balance between the various stakeholder groupings, while adhering rigorously to its fiduciary duty to act in the best interests of the Company.

The Board charter, as well as the dynamic and well-balanced composition of the Board, ensures the best interests of the Group.

The Board of Metrofile is responsible for directing the Group towards achieving its vision and mission. The Board is ultimately accountable for the development and execution of the Group's strategy, operating performance and financial results, practised within the Group's formal governance and authority frameworks, with the objective to create sustainable value for all stakeholders. The Board is responsible for its own composition, the appointment of the Chairman and Group Chief Executive Officer (CEO), its constitution and composition of its Committees.

The Board's roles and responsibilities are reflected in the Board charter, which has been published on the Company's website.

The purpose of the charter is to regulate how business is to be conducted by the Board in accordance with the principles of good corporate governance. The charter sets out the specific roles and responsibilities to be discharged by the Board collectively, the individual Board member roles expected, as well as the requirements for its composition and meeting procedures. The charter is reviewed and updated annually. The Board has an annual work plan in order to ensure deliberation on all aspects as required per the charter.

The executive directors, being involved with the day-to-day business activities of the Group, are responsible for ensuring that the decisions, strategies and views of the Board are implemented.

To fulfil their responsibilities, Board members have full and unrestricted access to relevant information and the services and advice of the Company Secretary. Directors may also obtain independent professional advice at the expense of the Company.

BOARD MEETINGS

The Board meets at least four times a year (attendance for this reporting period is detailed in the table below). The Board works to a formal agenda that covers strategy, structure, operating performance, growth initiatives, Group functional reporting, feedback from Board sub-committees and other key activities of the Group. To do so effectively, formal documents and minutes of all Board Committees are included in the Board papers.

At each Board meeting the executive directors report to the Board on board-related matters. The executive directors' reports are supplemented with reports from the managing directors of major subsidiaries and Group functional heads (HR, IT, risk, operations and investor relations). The Chairmen of the Board sub-committees also report to the Board on matters delegated.

During the year, the Board received presentations from management on the strategic plans, budgetary matters and performance, as well as any other items requiring in-depth coverage in terms of the Group's authority framework. The Group's authority framework is reviewed and approved by the Board on an annual basis.

During 2019 the Board of Directors delivered on the following key focus areas: debt structuring to ensure the Company is within our target debt utilisation taking into account the relevant tax planning initiatives, improve and enhance disclosure to the market, continue to optimise cost structures, key measurement ratios and efficiencies, disposal of CSX and divestment from Dexterity, review of the existing incentive scheme to better align management with shareholder expectations and to attract and retain key executives, focus on healthy cash generation and conversion through active management of working capital components and balance sheet efficiencies, and active management of capital allocation (organic vs acquisitive growth).

Apart from the standing agenda items, the following key focus areas were deliberated at Board meetings:

SEPTEMBER TO NOVEMBER

- Integrated annual report
- AGM
- CFO replacement
- Succession plan

DECEMBER TO FEBRUARY

- Mergers, acquisitions and investment/divestment opportunities
- CFO replacement
- Strategy deliberations (subsidiary and Group)

MARCH TO MAY

- Approval of interim financial results
- Risk register review and approval of the integrated risk management and combined assurance policy and framework
- Review and approval of Group authority framework
- Approval of year-end audit plan, scope and approach
- Budget approval and strategy deliberations
- Strategic review
- Group finance function structure
- Investor relations
- Debt restructuring and covenant compliance
- Middle East performance and strategy

JUNE TO SEPTEMBER

- Approval of combined assurance plan FY2020 and review overall assurance conclusions FY2019
- Approval of annual financial results
- Board and sub-committee appraisals

Continuous focus on healthy cash generation and conversion through active management of working capital components and balance sheet efficiencies, reducing levels of net debt and lower finance cost, productising digital solutions and driving digital services revenue growth, operationalising key opportunities in East Africa and finalising the review of the new incentive scheme will remain key focus areas for 2020.

Directors' attendance at Board and Committee meetings during the 2019 financial year is depicted in the following table:

	Board	Audit, Governance and Risk Committee	Remuneration Committee	Nominations Committee	Social, Ethics and Transformation Committee
Chris Seabrooke*	4/5	1/1	2/2	3/3	
Mary Bomela	5/5		2/2	3/3	3/3
Pfungwa Serima (CEO)	5/5				3/3
Shivan Mansingh (CFO)#	2/5				1/3
Zaheer Abdulla@	4/5				
Phumzile Langeni	5/5	2/3	2/2	3/3	2/3
Lindiwe Mthimunye	5/5	3/3			2/3
Graham Wackrill	5/5				
Sindi Zilwa	5/5	3/3			3/3

**Chris Seabrooke withdrew his re-appointment as a member of the Audit, Governance and Risk Committee at the annual general meeting held on 28 November 2018. Leon Rood was appointed as his alternate director with effect from 1 February 2019 and is a permanent invitee at all Board and Committee meetings attended by Chris Seabrooke.*

 # Effective 31 October 2018, Mark McGowan resigned as Group CFO. He was replaced by Kelebogile Dludla, who resigned effective 8 March 2019, whereafter Shivan Mansingh was appointed as the new Group CFO with effect from 1 April 2019.

@ With effect from 15 September 2018, Zaheer Abdulla replaced Cynthia Pongweni as one of the Mineworkers Investment Company (RF) (Pty) Limited representatives.

BOARD OF DIRECTORS CONTINUED

PERFORMANCE EVALUATIONS

All Board members complete an evaluation of the effectiveness of the Chairman via questionnaire, the results of which are sent directly to the Company Secretary and lead independent non-executive director for assessment, collation and feedback to the Chairman.

The Board assessments also include a comprehensive annual formal performance evaluation of the Chief Executive Officer and Chief Financial Officer, comprising an evaluation by each member of the Board via a questionnaire that allows for detailed responses and comments. The Chairman provides a summary and feedback of these evaluations to the CEO and CFO, and they are encouraged to probe and debate any aspect of the evaluation with the full Board.

All Board and Committee members completed a detailed self-assessment, probing the composition, duties, responsibilities, process and effectiveness of the Board and Committees respectively. The respective Committee Chairmen assesses the performance of individual Committee members and the Board evaluates the respective Committee Chairmen's performance. The results of the self-assessments are discussed at Board and Committee meetings. These appraisals enable the respective Committees to evaluate its effectiveness objectively and to conclude that it is operating effectively under the terms of reference set in its charter.

Performance evaluations for the reporting period were formally performed and collated by the Company Secretary. On behalf of the Board, the Company Secretary confirms that on the basis of the annual evaluation of the Chairman, the performance and commitment of Chris Seabrooke throughout his period of office has been highly satisfactory. On behalf of the Board, the Chairman confirms that on the basis of the annual evaluation of the Board and of the performance of individual directors, the performance and commitment of all directors up for re-election throughout their periods of office, has been highly satisfactory. Evaluations are considered an integral part of the re-election process. The Board is satisfied that the evaluation process is improving its performance and effectiveness. No action plans of a material nature were noted. Where material action plans are noted in future, these will be disclosed accordingly in the integrated annual report and JSE compliance certificate.

We specifically consider the independence of directors and their other commitments annually. This is done to determine whether a director has sufficient time to discharge his or her duties effectively and is free from conflicts that cannot be managed satisfactorily.

The Chairman and the Board re-assess the independence of independent directors on an annual basis. The King IV™ code suggests that the re-appointment of an independent director after a term of nine years should be seriously considered as it is suggested that after nine years their independence may be impaired. Non-executive directors of the Company may continue to serve, in an independent capacity, for longer than nine years if, upon an assessment by the Company conducted every year after nine years, it is concluded that the director exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.

The Board is of the view that all independent non-executive directors are independent, in accordance with the King IV™ code. We have reconfirmed the independence of our non-executive Chairman who has been in office for more than nine years. We did this after considering, among other considerations, the extent to which the diversity of his views, skills and experience continue to enhance the Board's effectiveness and he is able to question management judgment objectively and inclusively.

All existing non-executive directors of the Board are subjected to a rigorous review by the Nominations Committee, irrespective of tenure. Notwithstanding Graham Wackrill's tenure of 15 years, the Nominations Committee and other Board members have unanimously determined that Graham continues to exercise strong independent judgement.

BOARD STATEMENT

The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period and that it has complied with its legal and regulatory responsibilities throughout the period under review.

BOARD ROTATION

In terms of the Group's Memorandum of Incorporation (MOI), all non-executive directors retire by rotation every three years. In the event that no directors are due for rotation, the two with the longest period since re-appointment automatically retire. Retiring directors are proposed for re-election by shareholders.

At the 2019 AGM, Shivan Mansingh's appointment will be confirmed and Mary Bomela, Phumzile Langeni and Lindiwe Mthimunye will retire by rotation and, being eligible, will offer themselves for re-election.

COMPANY SECRETARY

The Board has outsourced this function to an independent Company Secretary in order to meet the requirements of the Companies Act and the JSE Listings Requirements. The duties of the Company Secretary include:

- Ensuring that Board procedures are followed and reviewed regularly;
- Ensuring that the applicable rules and regulations for the conduct of the affairs of the Board are complied with;
- Providing the Board and individual Board members with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Company and in line with good governance;
- Providing counsel and guidance to the Board on their individual and collective powers and duties;
- Eliciting responses, input and feedback for Board and Board Committee meetings;
- Preparing and circulating Board and Board Committee papers timeously;
- Ensuring preparation and circulation of proper minutes of shareholder, Board and Board Committee meetings;
- Maintaining statutory records in accordance with legal requirements;
- Reporting to the Board on any non-compliance with the MOI or Companies Act;
- Certifying in the annual financial statements that the Group has filed the required notices and returns timeously in accordance with the Companies Act;
- Ensuring that the Group's annual financial statements are properly distributed;
- Carrying out the other functions required of a Company Secretary by the Companies Act and the JSE Listings Requirements;
- Considering the regulatory universe prepared and providing the Board with updates and proposed changes to laws and regulations affecting the Group;
- Assisting the Nominations Committee with the appointment of directors;
- Advising the Nominations Committee on all legal and regulatory matters, including legal frameworks and processes;
- Advising the Nominations Committee with respect to all regulatory filing and public disclosure relating to the Company's governance processes;
- Assisting with director induction and training programmes;
- Ensuring that the Board charter and the terms of reference of Board Committees are kept up-to-date;
- Drafting annual work plans with the Chairman of the Board and the individual Board Committee Chairmen;
- Assisting with the evaluation of the Board, Board Committees and individual directors; and
- Keeping abreast of current corporate governance thinking and practice, and informing the Board accordingly.

The Board has considered and satisfied itself of the Company Secretary's competence, qualifications and experience. The Company Secretary has over 11 years' experience in the role and the Board is satisfied that she has carried out her duties as set out above and that the arrangements for access to the services offered by the Company Secretary is effective.

BOARD STATEMENT

The Board confirms that the Company Secretary has maintained an arm's length relationship with the Board as she is not a director of the Company and she performs no other functions on behalf of the Group or the Board.

GOVERNANCE FRAMEWORK AND DELEGATION OF AUTHORITY

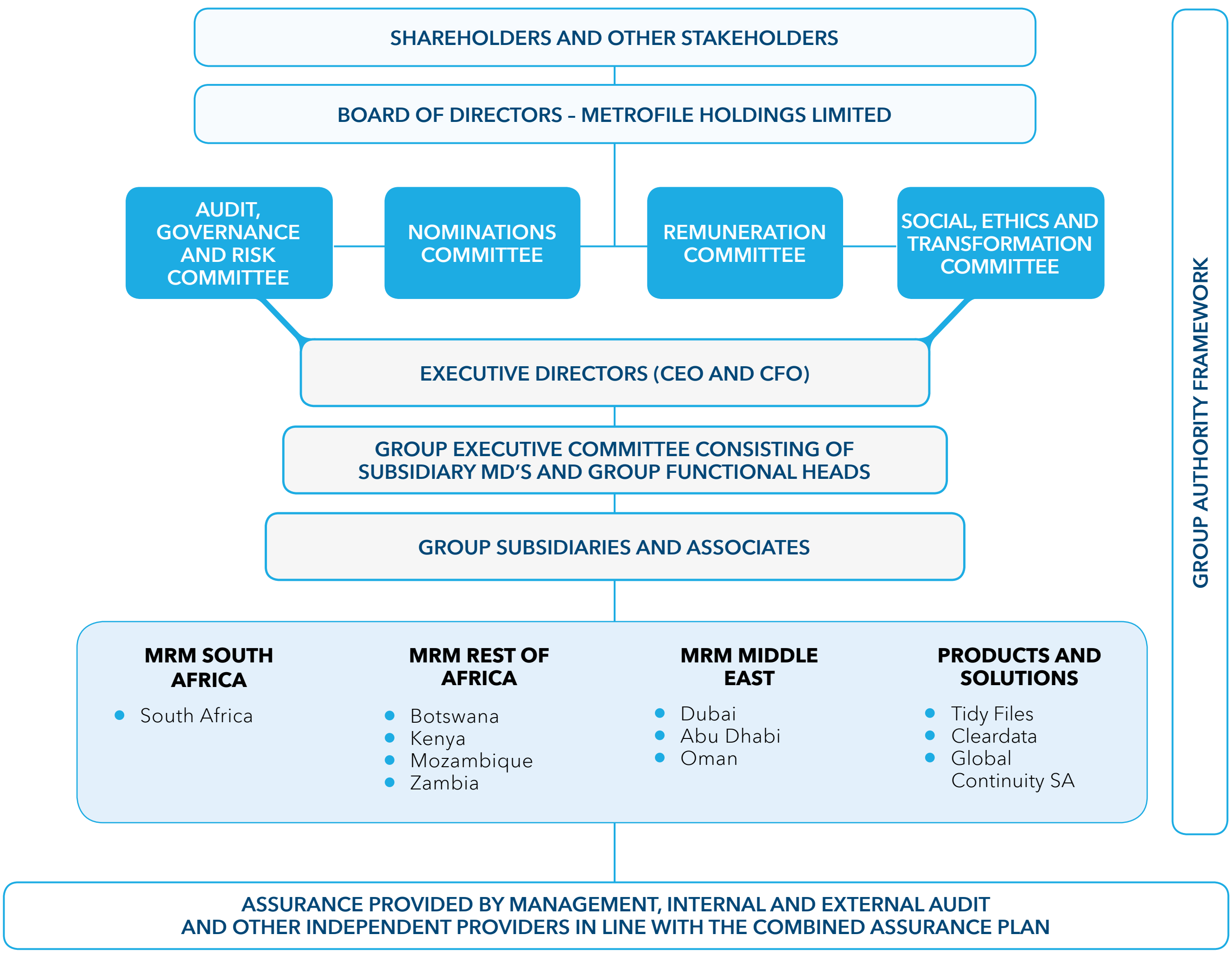
The Group's governance structure provides for delegation of authority while enabling the Board to retain effective control.

The Board has established four Committees to assist with its duties, namely the Audit, Governance and Risk Committee, the Nominations Committee, the Remuneration Committee and the Social, Ethics and Transformation Committee. The structure and composition of the Committees remains unchanged other than:

- The Board's decision to withdraw the resolution re-electing Chris Seabrooke as a member of the Audit, Governance and Risk Committee at the 2018 AGM.
- Effective 6 September 2018 Phumzile Langeni replaced Mary Bomela as Chairman of the Remuneration Committee in order to align with the King IV™ recommended practices, where the Chairman of the Remuneration Committee should be an independent non-executive director. Mary Bomela remains as a Remuneration Committee member.
- Shivan Mansingh was appointed as a member of the Social, Ethics and Transformation Committee effective 1 April 2019.

The Committee charters are available on the Group's website or from the Company Secretary. The Committee charters are reviewed annually in line with King IV™. The individual Committee feedback is detailed in the next section of this report.

The Board delegates authority to these established Board Committees as well as to the executive directors with clearly defined mandates. The Board is satisfied that the Group's authority framework contributes to role clarity and the effective exercise of authority and responsibilities. The Board is responsible for setting strategic and operational direction and policy and this is filtered down to all subsidiaries. The Nominations Committee reviews executive director and senior management succession plans and is satisfied that a robust succession plan is in place at a Group and subsidiary level.



SUB-COMMITTEE STRUCTURE AND REPORT BACK

Each sub-committee's roles and responsibilities, composition requirements and meeting procedures are reflected in their respective charters, which are published on the Company's website. The purpose of the charters is to regulate how business is to be conducted by the sub-committees in accordance with the principles of good corporate governance and other legal requirements. The charters are reviewed and updated annually.

AUDIT, GOVERNANCE AND RISK COMMITTEE (AGRC)

COMPOSITION

Members
Sindi Zilwa (Chairman)
Phumzile Langeni
Lindiwe Mthimunye

Permanent invitees
Chris Seabrooke
Graham Wackrill
Zaheer Abdulla

Other regular attendees
Pfungwa Serima
Shivan Mansingh
Members of executive management
Internal audit
External audit

ADDITIONAL 2020 FOCUS AREAS

- Rest of Africa governance and management control oversight functions.
- International regulatory universe.
- Tracking of IT strategy and three-year roadmap implementation.

MEETING SCHEDULE

The Committee met three times in 2019.

COMMITTEE STATEMENT

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Also refer to the Audit, Governance and Risk Committee report in the annual financial statements available on the Company's website.

ON THE 2019 AGENDA

Apart from the standing agenda items and statutory requirements, the Committee specifically focused on the following matters during the reporting period:

- Cash generation and conversion through active management of working capital components and balance sheet efficiencies.
- Reducing levels of net debt and lower finance cost.
- Financial reporting in terms of international frameworks (e.g IFRS 9, 15 and 16).
- JSE proactive monitoring of financial statements.
- Information and technology charter, IT strategy and three-year roadmap.
- Continuity and succession in the finance function.

CAPITALS FORMING PART OF THE AGENDA

- Financial capital.
- Manufactured capital (properties, buildings, warehouses, assets, IT equipment).
- Human capital (CFO, finance function, risk and compliance function).
- Intellectual capital (information and technology).

REPORT BACK IN TERMS OF THE FOLLOWING GOVERNANCE FUNCTIONAL AREA

- Risk and opportunity management.
- Technology and information.
- Compliance and share dealings.
- Combined assurance plan.
- Internal control and management reporting.
- External audit.
- Internal audit.
- CFO and Group finance function.

SUB-COMMITTEE STRUCTURE AND REPORT BACK CONTINUED

NOMINATIONS COMMITTEE (NOMCOM)

COMPOSITION

Members
Chris Seabrooke (Chairman)
Mary Bomela
Phumzile Langeni

Occasional invitees
Pfungwa Serima
Shivan Mansingh

Permanent invitees
Graham Wackrill

ADDITIONAL 2020 FOCUS AREAS

- Relevance of Board and Committee composition.

MEETING SCHEDULE

The Committee met three times in 2019.

ON THE 2019 AGENDA

- Apart from the standing agenda items, the Committee specifically focussed on the following matters during the reporting period:
  - Delivering on focus areas highlighted in the 2018 integrated annual report:
    - Board, Chairman, CEO, CFO and Committee performance evaluation.
  - Board and Committee composition and independence.
  - Succession planning for the Board, CEO, CFO and senior management.

CAPITALS FORMING PART OF THE AGENDA

- Human capital (Board, senior management).

REPORT BACK IN TERMS OF THE FOLLOWING GOVERNANCE FUNCTIONAL AREA

- Board of Directors.
- Compliance.

COMMITTEE STATEMENT

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

REMUNERATION COMMITTEE (REMCOM)

COMPOSITION

Members
Phumzile Langeni (Chairman)
Mary Bomela
Chris Seabrooke

Permanent invitees
Graham Wackrill

Other invitees
Pfungwa Serima
Shivan Mansingh
(neither may take part in any discussions regarding their own remuneration)

The Committee employs the services of specialist consultants in the field of executive remuneration to assist the Committee when necessary.
The consultants who have been retained in this role to date are Pricewaterhouse-Coopers (PwC).

FOCUS AREAS FOR FY2020

- Finalisation and implementation of the updated LTI rules, and STIs following the November 2019 AGM.
- Updating the remuneration policy to incorporate these changes.
- Ensuring that STIs meet business objectives and generate shareholder value.
- Focus on providing transparency on pay ratios, the income gap and trends with respect to the gender pay gap.

MEETING SCHEDULE

The Committee met twice in 2019.

COMMITTEE STATEMENT

- The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Refer to the remuneration report on pages 52 to 61 for more details on Metrofile's remuneration philosophy, policy and implementation report.
- The Committee is satisfied that PwC is independent and objective in the field of executive remuneration.

SUMMARY OF REMUNERATION ACTIVITIES/DECISIONS

The main issues considered and approved by the Remuneration Committee for the 12 months ended 30 June 2019 were:

- Approval of TGP increases for executive directors, prescribed officers and senior management.
- Approval of short-term incentive targets for executive directors, prescribed officers and other staff.
- Approval of short-term incentive outcomes for 2019.
- Approval of long-term incentives awarded during 2019.
- Corporate governance on remuneration aspects.
- Review of employee benefits.
- Review the remuneration policy, approve the remuneration report and strategy.
- Review of fees payable to non-executive directors.
- Instruction to conduct a thorough review of STIs and LTIs with the assistance of PwC, in order to present to AGM in November 2019. These include the following actions:
  - A detailed review of the short-term incentives (STIs) applicable to incentive payments for senior management and executive directors to assess the appropriateness of performance conditions.
  - A relook at the LTIs to assess the validity of performance conditions of the business, over a longer term (3 – 5 years) in order to encourage the correct behaviours.
  - The incorporation of a malus and clawback policy which will be applicable to the LTI rules and form part of the remuneration policy, with reference to variable pay.

The updated LTI rules, incorporating malus and clawback criteria for STIs, will be tabled for approval at the 2019 AGM.

CAPITALS FORMING PART OF THE AGENDA

- Human capital.
- Social and relationship capital.

REPORT BACK IN TERMS OF THE FOLLOWING GOVERNANCE FUNCTIONAL AREA

- Compliance.
- Remuneration report.

SUB-COMMITTEE STRUCTURE AND REPORT BACK CONTINUED

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE (SETCOM)

COMPOSITION

Members
Mary Bomela (Chairman)
Phumzile Langeni
Shivan Mansingh
Lindiwe Mthimunye
Pfungwa Serima
Sindi Zilwa

Permanent invitees
Members of executive management

ADDITIONAL 2020 FOCUS AREAS

- Code of Ethics to be reviewed, approved and re-published.
- Continue to conduct ethics training sessions and advertising campaigns for the Group companies outside of South Africa and to formalise programmes to monitor organisational ethics further.
- Refining environmental targets and measures.

MEETING SCHEDULE

The Committee met three times in 2019.

COMMITTEE STATEMENT

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Refer to the Social, Ethics and Transformation Committee report in the annual financial statements available on the Company's website.

ON THE 2019 AGENDA

Apart from the standing agenda items and statutory requirements, the Committee specifically focussed on the following matters during the reporting period:

- Delivering on focus areas highlighted in the 2018 integrated annual report:
  - Code of Ethics being reviewed in terms of King IV™ (in progress).
  - Considered longer term environmental targets, which will be refined during 2020.
- Built on staff refresher training with regard to conduct, ethics, exchange of gifts and entertainment, anti-bribery and anti-corruption and anti-competitive behaviour within the South African Group companies.
- Human rights, equality, corruption, health, public safety, consumer and labour relations and empowerment.
- Regulatory universe focusing on social, ethics and transformation.
- Social and economic development.
- Transformation.

CAPITALS FORMING PART OF THE AGENDA

- Human capital.
- Social and relationship capital.
- Natural capital.

REPORT BACK IN TERMS OF THE FOLLOWING GOVERNANCE FUNCTIONAL AREA

- Business conduct, ethics and prevention of corruption.
- Compliance.

GOVERNANCE FUNCTIONAL AREAS

The governance functional areas contemplated in King IV™ are essentially embedded in the underlying elements of our integrated reporting and thought process. Oversight and report back of these functional areas is maintained by the Board and its sub-committees as follows:

FUNCTIONAL AREA	COMMITTEE OVERSIGHT	REPORT BACK THROUGHOUT THIS INTEGRATED ANNUAL REPORT	PAGE REFERENCE
Risk and opportunity management	AGRC	Risks and opportunities	**20**
		Material matters and mitigation	**21 to 25**
		Risk governance	**47 and 48**
Technology and information	AGRC	Material matters and mitigation	**21 to 25**
		Information technology	**48**
		Information and privacy	**49**
Compliance governance	AGRC SETCOM	Compliance	**49**
		Share dealings	**49**
Assurance	AGRC	About this report	**1**
		Combined assurance plan	**49 and 50**
		Internal control and management reporting	**50**
		External audit	**50 and 51**
		Internal audit	**51**
		CFO and finance function	**51**
		Independent auditor's report	*
		Audit, Governance and Risk Committee's report	*
Stakeholder relationship	SETCOM	Material matters and mitigation	**21 to 25**
		Social and relationship capital	**32 and 33**
		Stakeholder analysis	**33**
Corporate citizenship	SETCOM	Natural capital	**30**
		Social and relationship capital	**32 and 33**
		Human capital	**34**
Remuneration	REMCOM	Remuneration report	**52 to 61**

* *Available in the annual financial statements on the Company's website*

RISK GOVERNANCE

The Board of Directors has committed to a process of risk and opportunity management that is aligned with generally accepted good practice as well as the principles of corporate governance as reflected in the King IV™ code. The Group's process of risk and opportunity management is contained in the Metrofile integrated risk and combined assurance policy and framework and it is expected that all subsidiaries, functions and departments within Metrofile will be subject to these risk management principles.

There is no separate Risk Committee, however, the Audit, Governance and Risk Committee takes responsibility for matters relating to risk and the mitigation thereof.

The Audit, Governance and Risk Committee sets the Group's risk strategy in liaison with the executive directors and senior management, making use of generally recognised risk management and internal control models and frameworks in order to maintain a sound system of risk management and internal control.

The responsibility and accountability for implementation of risk management rests with management and staff. The Board of Directors retains accountability and responsibility for the overall process of risk and opportunity management and has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. The Board and the Audit, Governance and Risk Committee monitor risk management activities as a standard item on their agendas and has a specific risk-focussed meeting once a year. The Group Risk Officer reports to Shivan Mansingh, the Group CFO, and is responsible for risk management within the Group.

The Audit, Governance and Risk Committee identifies and monitors, at least annually, key performance indicators and key risks or opportunities that could affect the Company's business model, the six capitals and the environment, society and economy in which the Company operates. The realisation of Metrofile's business strategy depends on its management being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders.

GOVERNANCE FUNCTIONAL AREAS

CONTINUED

An enterprise-wide approach to risk management has been adopted by the Group, which means that identified material risks are included in a structured and systematic process of risk and opportunity management. These are managed within a unitary framework that is aligned to the entity's corporate governance responsibilities.

Metrofile is committed to establishing appropriate mechanisms to serve as early warning for emerging or unpredictable risks. Equally, compliance with relevant legislation will be ensured and will fulfil the expectations of employees, communities, the shareholders and other stakeholders in terms of due care and corporate governance.

The risk management process involves the identification of the key risks facing the business and the implementation of controls to mitigate the risks where possible by means of formalised incident reporting and expanded combined assurance plans. Strategic risks are continually reviewed and ranked by inherent risk based on the evaluation of the probabilities and severity for each risk.

The mitigation of each risk is assessed based on controls put in place and the resultant residual risk is also calculated. A comprehensive risk register is in place and constantly managed by the appropriate executive management members. A summary of the risks and opportunities has been included in the material matters section of this integrated annual report on pages 21 to 25.

The Board obtains assurance that the controls over the identified risks are operating effectively by means of the combined assurance framework and plan (more detail is provided on pages 49 and 50 under combined assurance plan).

The Board sets the level of risk tolerance and limits of risk appetite for Metrofile as part of its strategic direction setting of the Group. No risks outside the Company's tolerance level were noted, however, risks and related mitigations continue to receive the appropriate Board and executive management attention.

In evaluating the risk of acquiring new businesses and entering new geographies, as well as directing the development of existing businesses and technologies, the Board takes a prudent approach to risk, informed by many years of experience in the Group's main business streams.

The Board also draws on the experience of its non-executive directors in other fields of business in setting the Group's approach to risk in a wider context.

During the reporting period, the Audit, Governance and Risk Committee has reviewed, and recommended to the Board for approval, the integrated risk and combined assurance policy and framework, as well as the Company's strategic risk register. In addition, the Committee reviewed and considered the consolidated subsidiary related strategic risk dashboard in order to assess that the integrated risk and combined assurance policy and framework has been embedded throughout the Group. Senior management within the Group also started tracking action plans identified to enhance the related control environments in order to reduce the residual risk profile of the Group further.

For 2020, further focus will be placed on tracking risk action plans for the Company and subsidiary Group companies.

TECHNOLOGY AND INFORMATION

INFORMATION TECHNOLOGY

As displayed throughout this integrated annual report, technology and information is one of the cornerstones of the Group and the Board takes overall responsibility for the governance thereof. Within Metrofile the value of information as an asset is well understood and the importance of technology in providing and securing information is key.

The use of technology and the evolution thereof within the business in order to streamline processes, maximise efficiency and to make information available to clients is a case of continuous improvement. Technology changes create opportunities for the Group to offer additional services to our clients as outlined in the strategy section on page 18 and the material matters section on pages 21 to 25 of this report.

The arrangements for technology and information are contained in our information technology strategy, which is continuously reviewed and amended to align with the Group's ICT strategy needs. The Chief Information Officer reports to the IT Steering Committee in order to ensure ongoing oversight over technology and information developments within the Group.

Part of the risk and opportunity management process described earlier in this report includes identifying information and technology-related risks and mitigating them as best as possible. Systems continuity, cyber security and IT governance are of critical importance to the operations of the Group and as such are incorporated in the Group's strategy risks.

Obtaining assurance on information and technology-related risks forms part of the combined assurance plan, where the effectiveness of controls in place to mitigate these risks are assured. The results of assurance activities, including ongoing vulnerability assessments, periodic penetration tests and the IT resilience of the Group, are reported to the Audit, Governance and Risk Committee as standing agenda items.

Throughout this financial year, the focus was on reviewing and revisiting the information and technology charter, the IT strategy and three-year roadmap. In addition, key resources have been attracted to implement the IT strategy.

Key focus areas for the 2020 financial year will be to deliver the IT strategy and three-year roadmap to further enhance and drive value to different stakeholder groupings and to continuously improve the security posture of the Group.

INFORMATION AND PRIVACY

In South Africa and the other jurisdictions where we operate, the Group is governed by laws that control the processing and security of personal information, both the information we process on behalf of our clients and our own information, including information about our employees.

During the 2019 financial year, we rolled out refresher training covering privacy and confidentiality. The focus for the 2020 financial year will be to further enhance our privacy environment across the Group by reviewing and updating our privacy related policies, enhancing our existing information technology security policy to elaborate on certain privacy aspects and to enhance our privacy and confidentiality training material for all levels of staff.

COMPLIANCE GOVERNANCE

COMPLIANCE

Compliance matters are the responsibility of subsidiary MDs and functional heads, who report on these matters to the Executive Directors and Group functional heads (IT, risk, HR and operations), who are invitees to the Audit, Governance and Risk Committee meetings and/or members of the Social, Ethics and Transformation Committee.

The assurance activities planned as part of the combined assurance plan are to assist management and the Board in identifying potential non-compliance issues. In addition, the subsidiary MDs and functional heads are responsible for annually confirming compliance with applicable legislation, regulations, internal Company policies and procedures of a material nature. Quarterly incident reporting is in place in order to report risk incidents and material or repeat non-compliant matters. During the reporting period, no material or repeat non-compliant issues were identified.

As in previous years, the Group's regulatory universe, listing the prioritised high-risk acts, was reviewed and updated. Prioritisation was based on the applicability of the act and its potential consequences (impact of non-compliance) and no significant changes in the regulatory universe for the Group was noted. Our regulatory universe and risk compliance processes ensure that key internal controls are in place to mitigate the compliance risk and to ensure compliance with new or changed legislation.

As in the past, a key area of focus during the 2019 financial year was compliance with health, safety and risk standards and key financial controls within Rest of Africa operations. We also enhanced our banking authority levels to tighten controls.

During 2020, the key focus areas will be to enhance the Group's compliance monitoring capabilities further, to link the regulatory universe with compliance monitoring activities in order to identify compliance assurance gaps and to set a regulatory universe for other jurisdictions where the Group operates.

SHARE DEALINGS

All share dealings by a director or prescribed officer must be authorised by either the Chairman or CEO. Any dealings by the CEO are authorised by the Chairman and dealings by the Chairman are authorised by the CEO. A formal share-dealing guideline has been adopted by the Board. Restrictions are imposed upon directors and senior management in the trading of Metrofile shares and upon all employees regarding the exercising of Metrofile share-based incentives during certain "closed periods". In light of the JSE Listings Requirements, the insider-trading laws and good corporate governance, the Remuneration Committee has advised that employees are not permitted to exercise their share options during "closed periods" or when in possession of unpublished price-sensitive or inside information relating to Metrofile.

The "closed periods" begin the day after each reporting date (these reporting dates being 31 December and 30 June) and end on release of Group results. A closed period also applies whenever Metrofile issues a cautionary announcement until it is withdrawn.

ASSURANCE

COMBINED ASSURANCE PLAN

The Audit, Governance and Risk Committee, and ultimately the Board of Directors, is responsible for ensuring a robust combined assurance plan for the Group. A combined assurance plan aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the risk areas affecting the Group. The Board implemented a formal combined assurance plan in order to co-ordinate and monitor the provision of assurance.

The objectives of the combined assurance plan are to:

- Identify and specify all the sources of assurance over Metrofile's risks.
- Co-ordinate the efforts of, and increase collaboration between, management, internal and external assurance providers.
- Be used for the purposes of planning the assurance provided by management, Group oversight functions, internal and external assurance providers across business processes associated with identified business risks and exposures.
- Provide the Board, Audit, Governance and Risk Committee and management with information and comfort on the completion and efficiency of the assurance being obtained from all the assurance parties.
- Demonstrate good governance through the linking of risk management with assurance.
- Provide a basis for identifying any areas where additional assurance may be required.
- Allow for the elimination of duplicated and/or excessive assurance.
- Assists the Board in forming its opinion on the effectiveness of the risk management system.

GOVERNANCE FUNCTIONAL AREAS

CONTINUED

The Group's strategic risk register forms the basis for determining the combined assurance plan for Metrofile. The plan is developed through analysis of the key exposures facing Metrofile, in order to ensure the completeness of the risk universe, and aligning these risks to strategic value drivers. The risks are further linked to assurance providers in order to ensure a robust assurance universe. The assurance provided is also categorised into four levels of "defence", which for the Group is classified as follows:

- First level: Subsidiary management and line functions provide assurance on a more informal basis, including strategy development and implementation, performance measurement, risk management, and company control and monitoring of compliance to laws and regulations.
- Second level: Group oversight functions provide assurance with more formality. This includes the risk and compliance management structures of the Company such as risk management, compliance officers, occupational health and safety, legal services and internal control units as well as finance, human resources and strategic/Group management.
- Third level: Independent assurance providers (e.g. internal audit, external audit and others).
- Fourth level: Oversight structures – made up by the Metrofile Holdings Board and the over-arching oversight structures in the Company including the Board oversight sub-committees.

The combined assurance plan is prepared in order to achieve the objectives above and to ensure that Metrofile obtains a high level of assurance coverage over its key risks. Within Metrofile there are several assurance providers that directly or indirectly assure the Board and management over the effectiveness of controls for which they have responsibility. These controls include mitigating the risks identified in the risk assessment process described earlier in this report.

The primary assurance provider is Metrofile management, supported by the other levels of "defence". Annually, the combined assurance plan is reviewed and assurance activities are formalised to be completed. The results of these activities are reported to the Audit, Governance and Risk Committee in order to enhance the overall control environment.

Metrofile has a comprehensive and robust assurance plan in place, which is subject to the effective provision of assurance by all responsible parties. The Audit, Governance and Risk Committee therefore recommended the combined assurance plan and assurance activities to the Board for approval. The Audit, Governance and Risk Committee is satisfied with the effectiveness of the combined assurance plan and arrangements, and that it meets the objectives detailed above.

INTERNAL CONTROL AND MANAGEMENT REPORTING

The Board is responsible for the Group's system of internal control, including internal financial control, which is designed to ensure operational effectiveness and efficiency, compliance with laws, regulations and policies, safeguarding of assets, prevention and detection of error and fraud, to ensure the accuracy and completeness of accounting records and the reliability of financial statements.

The execution of the Group's combined assurance plan, and subsequent reporting of results thereof, enhances the reliance on the effectiveness of the design and implementation of the Group's system of internal control.

The Group has established management reporting disciplines, which include the preparation of annual budgets by subsidiaries. Monthly results and the financial status of subsidiaries are reported against approved budgets. Financial forecasting, inclusive of revenue, profit, interest, capital expenditure, cash flows and dividends, are reviewed regularly. Working capital, borrowing facilities and compliance with bank covenants are monitored on an ongoing basis. All financial reporting by the Group, including external financial reporting and internal management reporting, is generated from financial systems, subject to the internal controls and risk management procedures, as described in this report.

While we recognise that systems of internal control can provide only reasonable and not absolute assurance, none of the internal audit or other assurance provider reviews conducted indicated that the system of internal control was inappropriate or functioning unsatisfactorily. The internal control processes at some of the non-South African operations and for certain IT aspects, however, require improvement.

Based on assurance given by management, Group oversight functions, both the internal and external auditors and other assurance providers, the directors believe that the financial records can be relied on for preparing the annual financial statements and maintaining accountability for assets and liabilities.

EXTERNAL AUDIT

The Audit, Governance and Risk Committee reviews the scope, independence and objectivity of the external auditors and agree on appropriate fees. During the financial year, Deloitte was the external auditor for the majority of the Group companies.

The Committee is responsible for recommending the external auditor for appointment by shareholders and for ensuring that the external auditor is appropriately independent.

Shareholders ratified the appointment of Deloitte as external auditor to the Group at the previous annual general meeting and its re-appointment will be sought at the annual general meeting on Wednesday, 27 November 2019. Deloitte has been the auditor of Metrofile Holdings Limited for 19 years. The external auditor has a policy of rotating the lead audit partner every five years as prescribed by the Companies Act. The Committee is satisfied with the quality of the external audit and its decision is informed by the outcome of external inspections conducted by the IRBA and the internal monitoring process of Deloitte.

The external auditor has unrestricted access to the Audit, Governance and Risk Committee and presents formal reports at the Committee meetings.

The external auditor carries out an annual audit of all the Group's major subsidiaries in accordance with International Standards and Auditing (ISA) and reports in detail on the results of the audit to the Audit, Governance and Risk Committee. The external auditor is thus the main external assurance provider for the Board in relation to the Group's financial results for each financial year.

The nature and extent of non-audit services provided by the external auditor is reviewed annually to ensure that fees for such services do not become significant enough to call into question their independence of Metrofile. The Audit, Governance and Risk Committee regularly reviews the external auditor's independence and maintains control over the non-audit services, provided by the external auditor.

The Committee has adopted a guideline that fees paid to the Group external auditor for non-audit services should not exceed the level of audit fees charged to the Group. If it appears that this guideline will be breached consistently, non-audit services will be outsourced to a third-party auditor. Pre-approved permissible non-audit services performed by the external auditor include taxation and due diligence services. Non-audit services provided by the external auditor are required to be specifically approved by the Chairman of the Committee or by the full Committee if the fees are likely to be in excess of R500 000 in aggregate. The external auditor is prohibited from providing non-audit services, including valuation and accounting work where its independence might be compromised by later auditing its own work. During the current and previous financial years, Deloitte provided certain non-audit services, including tax reviews and advice, as well as reviews of information technology systems and applications.

Refer to the Audit, Governance and Risk Committee report in the annual financial statements available on the Company's website.

INTERNAL AUDIT

Metrofile has outsourced the internal audit function of the Group to KPMG. The Audit, Governance and Risk Committee reviews the operation of the Group's internal audit function and the internal audit charter annually, and recommends it to the Board for approval.

The purpose of internal audit is to have an independent appraisal function which examines and evaluates the activities and the appropriateness of the systems of internal control, risk management and governance processes. Internal audit assists the Board, through the Audit, Governance and Risk Committee, to effectively discharge its responsibilities.

Internal audit is a key assurance provider and provides the Board with a report of its activities which, along with other sources of assurance, is used by the Board in making its assessment of the Group's system of internal controls, risk management and corporate governance.

The internal audit function operates within defined terms of reference as set out in its charter and authority granted to it by the Audit, Governance and Risk Committee and the Board. Audit plans are presented in advance to the Audit, Governance and Risk Committee and are based on an assessment of risk areas involving an independent review of the Group's own risk assessments and the combined assurance framework.

The internal audit function goes through an independent quality review in line with the Institute of Internal Auditors' standards as set out in the internal audit and Audit, Governance and Risk Committee charters. KPMG performs regular internal quality reviews of its internal audit accounts. These reviews are conducted by senior KPMG personnel who are independent from the engagement team's office(s).

The KPMG audit team reports to the Group Risk Officer and CFO on day-to-day matters.

The Audit, Governance and Risk Committee is satisfied with the effectiveness of the internal audit arrangements and that internal audit has met its responsibilities for the year with respect to its terms of reference.

CFO AND GROUP FINANCE FUNCTION

As required by the JSE Listings Requirements and King IV™, the Audit, Governance and Risk Committee annually considers and satisfies itself of the appropriateness of the expertise and experience of the Group Chief Financial Officer (CFO). His biographical details can be found on the Company's website. Furthermore, the Committee considers annually the appropriateness of the expertise and adequacy of resources of the Group's finance function and the experience of senior management responsible for the finance function.

For the year under review, the Committee has satisfied itself on these points.

REMUNERATION REPORT

PART 1: BACKGROUND STATEMENT

The Remuneration Committee (REMCOM) is pleased to present the remuneration report for the 12 months ended 30 June 2019, highlighting key issues considered during this period. In line with the principles of King IV™, this report is presented in three parts: this background statement which is part 1, an overview of the remuneration policy in part 2, and the implementation report in part 3.

The Remuneration Committee has considered the impact of King IV™ and has implemented a number of the suggested practices, which are presented in part 3 of this report.

This remuneration report is presented against the background of the Group's performance, feedback from the November 2018 AGM and the corresponding remuneration outcomes.

Our remuneration practices have been designed to deliver performance for the short and long term, with appropriate KPIs having been defined for each of these periods.

Tough economic and general trading conditions made for a challenging year, which impacted our overall results. However, performance in the second half of the financial year improved, producing overall results which were pleasing given the circumstances. The results negatively impacted the LTI scheme, and there was no vesting of conditional share plan awards during this reporting period.

During this period, Mark McGowan resigned as Group CFO on 31 October 2018, and his replacement Kelegobile Dludla, subsequently resigned on 8 March 2019. The current CFO, Shivan Mansingh, joined the Group on 1 April 2019.

The Remuneration Committee supports and is aligned with principle 14 of the King IV™ code and will continue working with the business to ensure that remuneration is fair and responsible and at a level sufficient to promote the achievement of business objectives. Work on the income gap will be the focus of activities for 2020.

SUMMARY OF REMUNERATION ACTIVITIES/DECISIONS

The main issues considered and approved by the Remuneration Committee for the 12 months ended 30 June 2019 were:

- Approval of TGP increases for executive directors, prescribed officers and senior management.
- Approval of short-term incentive targets for executive directors, prescribed officers and other staff.
- Approval of short-term incentive outcomes for 2019.
- Approval of long-term incentives awarded during 2019.
- Corporate governance on remuneration aspects.
- Review of employee benefits.
- Review the remuneration policy, approve the remuneration report and strategy.
- Review of fees payable to non-executive directors.
- Instruction to conduct a thorough review of STIs and LTIs with the assistance of PwC, in order to present to AGM in November 2019. These include the following actions:
    - A detailed review of the short-term incentives (STIs) applicable to incentive payments for senior management and executive directors to assess the appropriateness of performance conditions.
    - A relook at the long-term incentives (LTSs), to assess the validity of performance conditions of the business, over a longer term (4 years) in order to encourage the correct behaviours.
    - The incorporation of a malus and clawback policy which will be applicable to the LTI rules and form part of the remuneration policy, with reference to variable pay.

The updated LTI rules, incorporating malus and clawback, criteria for STIs will be tabled for approval at the 2019 AGM.

FOCUS AREAS FOR FY2020

- Finalisation and implementation of the updated LTI rules, and STIs following the November 2019 AGM.
- Updating the remuneration policy to incorporate these changes.
- Ensuring that STIs meet business objectives and generate shareholder value.
- Focus on providing transparency on pay ratios, the income gap and trends with respect to the gender pay gap.

STAKEHOLDER ENGAGEMENT

Metrofile is committed to engaging key stakeholders on its remuneration policy, as well as the consistent implementation of its remuneration policy.

On an annual basis, Metrofile will put the remuneration policy (part 2) and implementation report (part 3) to two separate, non-binding votes at the AGM. For this year, the AGM will be held on 27 November 2019.

In the event that 25% or more of the shareholders vote against either the remuneration policy and/or implementation report, Metrofile will include a note in its SENS announcement for the AGM results, inviting dissenting shareholders to engage with it on their reasons for voting against either or both of these resolutions.

The precise method of shareholder engagement will be decided by the Remuneration Committee.

The results of the shareholder engagement, and the Remuneration Committee's response to shareholder concerns will thereafter be published in the remuneration report at the end of the following financial year.

We have set out the results of our November 2018 AGM below:

	Percentage		
	For	Against	Abstained
Ordinary resolution number 1.1 Re-election of CS Seabrooke	87.10	12.90	0.11
Ordinary resolution number 1.2 Re-election of GD Wackrill	87.10	12.90	0.11
Ordinary resolution number 1.3 Re-election of SV Zilwa	99.88	0.12	0.11
Ordinary resolution number 2 Election of MZ Abdulla	99.94	0.06	0.13
Ordinary resolution number 3.1 Election of Audit, Governance and Risk Committee member – SV Zilwa	99.88	0.12	0.11
Ordinary resolution number 3.2 Election of Audit, Governance and Risk Committee member – P Langeni	97.84	2.16	0.11
Ordinary resolution number 3.3 Election of Audit, Governance and Risk Committee member – LE Mthimunye	99.90	0.10	0.11
Ordinary resolution number 4 Re-appointment of Deloitte & Touche as external independent auditors	99.23	0.77	0.15
Ordinary resolution number 5 General authority for directors to allot and issue ordinary shares	87.71	12.29	0.12
Ordinary resolution number 6 Non-binding advisory endorsement of the Metrofile remuneration policy and implementation report	79.45	20.55	0.12
Special resolution number 1 Remuneration of non-executive directors	92.31	7.69	0.18
Special resolution number 2 General authority to acquire the Company's own shares	99.87	0.13	0.12
Special resolution number 3 Authority to allot and issue ordinary shares pursuant to CSP	92.38	7.62	0.12
Special resolution number 4 General authority to directors to issue ordinary shares for cash	91.52	8.48	0.12
Special resolution number 5 General authority to provide financial assistance in terms of section 44 and 45 of the Companies Act	99.32	0.68	0.12
Ordinary resolution number 7 Directors' authority to implement special and ordinary resolutions	99.90	0.10	0.10

Based on the shareholder feedback received with regard to performance conditions and alignment to market practice, Metrofile underwent a process of determining appropriate performance conditions in order to incentivise and motivate executives, whilst creating shareholder value. Metrofile has also established a malus and clawback policy and incorporated same into its rules which were approved by the JSE.

The updated LTI rules, incorporating malus and clawback, will be tabled for approval at the 2019 AGM.

The Remuneration Committee is confident that with the changes to the remuneration policy, the Group's remuneration policy and practices are aligned with its strategy and with market best practice. This Group remuneration policy is subject to a rigorous review each year.

Where it is evident that the remuneration policy should be reconsidered to adapt to changing business realities and to maximise shareholder value, or where shareholders have legitimate and reasonable concerns regarding an aspect of the remuneration policy, the Remuneration Committee will consider amending the relevant aspects of the Group's remuneration framework.

The Committee is satisfied that the principles laid down by the Companies Act 2008 and King IV™ have been adhered to, unless otherwise stated in this report.

REMUNERATION REPORT CONTINUED

PART 2: REMUNERATION POLICY

REMUNERATION COMMITTEE

The role of the Remuneration Committee, its members and terms of reference are explained in detail on page 45 in the corporate governance section of this integrated annual report.

The remuneration policy has been designed so that it will continue to attract, engage, retain and motivate the right, diverse talent required to deliver sustainable profit growth in line with the Group strategy.

OUR REMUNERATION POLICY

Metrofile's remuneration policy is designed to support a high performance environment and comprises a basic annual total cost package and performance-related variable pay linked to short- and long term targets (refer to table below).

The Group's policy is to pay cost-to-company packages between the median and 75th percentile for comparable positions, in order to ensure that the business is able to attract and retain the correct/appropriate calibre of senior management and executive talent.

Executive director and senior management remuneration comprises three components designed to balance short- and long-term objectives, while aligning to shareholder interests.

The main objective of the basic annual total cost package is to provide individuals with a fixed income aligned to the job they perform.

The performance-related remuneration is designed to encourage and reward superior performance and align the interests of the executive directors and senior executives as closely as possible with the interests of the shareholders.

Long-term incentives, although performance-based, are inherently retentive, but there are no schemes specifically in place for the sole purpose of the retention of key employees. In addition to primary incentives, the executive directors and senior executives also receive retirement and other benefits as part of their basic total annual cost-to-company.

The policy conforms to King IV™ and is based on the following principles:

- Remuneration practices are aligned with corporate strategy.
- Total rewards are set at competitive levels in the relevant market.
- Incentive-based rewards are earned by achieving demanding performance conditions consistent with shareholder interests over the short- and long-term.
- Incentive plans, performance measures and targets are structured to operate effectively throughout the annual business cycle.
- The design of long-term incentives is prudent and does not expose shareholders to unreasonable financial risk.

Fixed remuneration	Basic, annual cost package including benefits	This fixed element of remuneration is referred to as the total guaranteed pay and includes salary, car allowance, retirement funding, risk cover and voluntary medical contributions.
Variable remuneration	Short-term incentives (STIs)	An annual short-term incentive is paid to support the achievement of the Company's short- and medium-term goals, with payment levels based on both Company and individual performance.
	Long-term incentives (LTIs)	Long-term incentives comprise a conditional share plan (CSP) which comprises performance awards which can be settled in shares or in cash. Vesting is subject to Company performance vesting conditions. Retention awards were issued in year 1, but all subsequent awards made under the plan have been performance awards.

REMUNERATION FRAMEWORK

	Guaranteed pay	Benefits	Discretionary annual bonus	Short-term annual incentive	Additional sales incentive	Long-term incentive
Participation	Permanent employees	• Retirement fund (includes risk cover) • Voluntary medical aid • Company cell phone/ cell phone allowance for specific roles in the business • Fuel/fuel card for business travel for specific roles in the business	Applies to permanent employees in the Paterson A and B bands Based on the concept of a "not guaranteed" 13th cheque	Permanent employees in the Paterson D, E and F bands	Permanent MD's of the Group companies	Permanent employees in the Paterson E and F bands
Purpose	Attraction and retention		Delivery of short-term business objectives	Delivery of short-term business and role specific objectives	Reward achievement of revenue and EBIT targets for the Company	Delivery of business strategy over 3 years
Performance period	Monthly	On-going	One year	One year	One year	Three years
Mechanics	Market related and individual performance	Included in monthly salary payment	Company and individual performance	It is calculated based on the achievement of both company wide and role specific performance metrics agreed for the specific financial year	Calculated on 100% achievement of revenue and EBIT target at H1 and H2. Achievement must be at 100% to earn a cash incentive Underpeformance in H1 is banked and performance is assessed at the end of H2	Participants are awarded a conditional right to Metrofile shares, subject to the achievement of forward looking performance conditions and employment over the vesting period (3 years)
Method of delivery	Cash	Monthly salary	Cash	Cash	Cash	Metrofile shares
Performance measures	N/a	N/a	Role specific KPI's	Depending on the level of seniority, there will be a weighting between business performance measures and personal performance measures. For executive directors there will be a 70%/30% split in favour of business performance measures		Employment condition and Company performance conditions

On appointment considerations for executive directors, senior management and scarce skills include:

- Sign-on bonus: with a work back period
- Sign-on shares: with an employment condition

REMUNERATION REPORT CONTINUED

CHANGES TO THE REMUNERATION POLICY FOR FY2020

Changes which the Remuneration Committee is considering to the remuneration policy for the 2020 financial year, to focus the executive and senior management team on delivering business priorities of the Board and shareholders, include:

- Refocussing the performance measures of the short-term annual incentive scheme.
- Changing the performance conditions, and vesting period, of the long-term conditional share plan.
- Implementing malus and clawback.

These changes will be presented to the AGM for consideration in November 2019.

In the remainder of this part of the report, we provide a detailed explanation of the policy as it applies to the executive directors (prescribed officers) of the Company.

DETAIL ON EXECUTIVE DIRECTORS' (PRESCRIBED OFFICERS') REMUNERATION

OVERVIEW

The Remuneration Committee seeks to ensure that executive directors and senior managers are rewarded for their contribution to the Group's operating and financial performance at levels which take into account country benchmarks.

There are no direct industry comparisons to be made, therefore we compare our remuneration to that of the general market. Performance-linked variable pay and share-based incentives are important elements of aligning executive incentives with shareholder interests.

The remuneration policy enables executive directors and senior management to receive remuneration that is appropriate to their scale of responsibility and required performances. It is designed to attract, motivate and retain individuals of the necessary calibre.

There are two executive directors, who are the only two prescribed officers: Group CEO and Group CFO.

PACKAGE DESIGN

The Company's policy for the Group executive directors results in a significant portion of the remuneration received being dependent on Company performance. In part 3 of this report the actual total pay outcomes for the 12 months ending 30 June 2019 are depicted.

The total pay opportunities for the CEO and CFO (prescribed officers) are dependent on the achievement of Company performance targets.

BASIC PACKAGE

The basic annual total cost package of the executive directors and senior management is subject to an annual review by the Remuneration Committee and is set with reference to individual performance and external market data relating to that of the general market.

For this benchmarking process, the Committee has determined to set a basic annual cost package for executive directors of between the median and 75th percentile of comparator groups because, in its view, this is essential to attract and retain the necessary calibre of management.

Included in the annual basic total package are compulsory contributions to the Group's retirement scheme and voluntary participation in the Group's medical scheme. In addition to the basic annual total cost package, allowances are paid with respect to cell phones and fuel for purposes of business travel.

SHORT-TERM INCENTIVES

Annual performance incentives are paid based on the achievement of short-term performance targets set out for each individual.

The incentives are directly linked to the performance achieved during a financial year and are determined by the Remuneration Committee. These include measures of corporate or divisional financial performance and individual objectives, which are aligned to the business strategy.

The elements making up the performance targets include financial elements and vary depending on the individual's business division, job role and function and are payable on achieving budgeted targets. Qualitative elements are included, in addition to financial performance, and these elements are at least partially dependent on the financial targets being met.

STIs are agreed with the Committee each year at the beginning of the new financial year, and are then paid to the executive directors, in cash, in September of the following year, following the conclusion of the year-end audit and finalisation of business results.

Each individual is allocated a base incentive, which becomes payable on a sliding scale once financial results have been finalised. This incentive is calculated, based on the agreed performance metrics for the financial year and is limited to two times the defined base.

Specific performance criteria and weightings are reviewed annually by the Remuneration Committee.

At the end of each financial year, the achievement of the corporate financial targets are measured utilising the audited results and the achievement of qualitative targets are assessed by the Remuneration Committee.

For the financial year ended 30 June 2019, the on-target incentive level was set at 100% of the basic annual total cost package for the CEO, with a 75% quantitative and 25% qualitative split, and 60% of the basic annual total cost package for the CFO. These percentages and split for the CEO and CFO will remain the same in the upcoming financial year.

Annual performance incentives are paid in cash, less appropriate income tax.

The incentives payable to the executive directors in respect of the year ended 30 June 2019 and the comparative period are disclosed in part 3 of this report.

The following table illustrates STIs approved by the Remuneration Committee for the executive directors in FY2019:

Group CEO: STI performance criteria	
FY2017/2018 for performance review and payment consideration by Remuneration Committee in September 2018 (FY2019):	
Quantitative incentive bonus: 75% of package	
Group revenue	20%
Group PBIT	65%
Group transformation	10%
BEE achievement	5%
Qualitative incentive bonus: 25% of package	
Performance indicators: Africa expansion, BEE targets, government business, investor relations, procurement process	

Group CFO: STI performance criteria	
FY2017/2018 for performance review and payment consideration by Remuneration Committee in September 2018 (FY2019):	
Group revenue	20%
Group PBIT	65%
Group transformation	10%
Bee achievement	5%
Additional sales incentive	
Fulfilling the dual role of MD for the Middle East, an additional incentive of R300 000 is considered on the attainment of revenue and EBIT targets for the Middle East businesses.	

REMUNERATION REPORT CONTINUED

LONG-TERM INCENTIVES

The Group operated equity-settled share-based incentive schemes for executive directors and senior management in the form of a share appreciation rights scheme (SARS) and a deferred bonus plan (DBP).

In 2016, the conditional share plan ("CSP") was introduced and replaced all other long-term incentive schemes. The SARS and DBP awards which were awarded will continue to operate until their respective vesting dates, however, no further awards will be made under either plan. The awards will simply lapse if the performance conditions are not met.

The CSP provides for conditional performance awards, which provide participants with the conditional right to receive shares in the future upon achievement of specific performance conditions. It is intended that awards to executive directors will be settled in shares, whilst awards to other participants can be settled in cash.

The vesting of performance awards are subject to an employment condition and the fulfilment of the performance conditions. The performance condition is measured over a period of three years. The CSP makes provision for retention awards, which are only subject to an employment condition. Retention awards were only made in the first year of the CSP, all subsequent awards have been performance awards.

The vesting of performance shares, already issued in terms of the existing rules of the CSP are subject to the following performance condition and vesting percentage:

Performance measure and corresponding vesting percentage	Threshold	Target
Profit before interest and tax	CPI + 2% per annum	CPI + 5% per annum
Resulting vesting percentage	30%	100%

Linear vesting will be applied for performance between the above levels.

Proposed performance conditions for awards to be made going forward have been proposed and will be approved at the AGM in November 2019.

Details of the awards, performance conditions and performance period for executive directors for the year ended 30 June 2019 are set out in part 3 of this report.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

To properly reflect their spread of responsibilities, the executive directors Pfungwa Serima (Group CEO) and Shivan Mansingh (Group CFO) have employment contracts with Metrofile Management Services Proprietary Limited.

These contracts include the stipulation that the Group CEO and Group CFO or Metrofile could terminate their contracts giving a nine-month or three-month notice period respectively. Restraint agreements of one year, apply to both the Group CEO and Group CFO contracts.

The following provides an overview of executive directors' service contracts, including those of the previous two CFOs who left the business during this reporting period:

Name	Term of employment	Notice period	Restraint agreement
Group CEO – Pfungwa Serima	Joined the business on 1 February 2016	Nine-month notice period	One year restraint of trade
Previous Group CFO – Mark McGowan	Joined the business on 1 August 2014. Employment terminated on 31 October 2018	Six-month notice period	One year restraint of trade
Previous Group CFO – Kelebogile Dludla	Joined the business on 15 November 2018. Employment terminated on 8 March 2019	Three months' probation following which three-month notice period	One year restraint of trade
Current Group CFO – Shivan Mansingh	Joined the business on 1 April 2019	Three months' probation following which three-month notice period	One year restraint of trade

NON-EXECUTIVE DIRECTORS

Non-executive directors receive annual fees for their roles as directors and as Board Committee members. The Board does not regard separate attendance fees as appropriate or necessary unless the time allocation to meetings expected of directors is materially more than normal in a particular year.

The Committee did not consider it necessary to split directors' fees into a base fee and attendance fee, because of the satisfactory attendance record of directors at Board meetings and time spent outside these on request from the Chairman or Company Secretary.

The terms and conditions of the appointment of non-executive directors are available on request from the Company Secretary.

Non-executive directors are not eligible to participate in the short-term incentive plan or any of the long-term incentive plans.

All the non-executive directors have letters of appointment with Metrofile Holdings Limited. For the services of Mary Bomela (Deputy Chairman) and Zaheer Abdullah (non-executive director), a service contract is in place with MIC for payment of related service fees.

NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote in respect of part 2 of this report, at the AGM on 27 November 2019.

PART 3: IMPLEMENTATION REPORT 1 JULY 2018 – 30 JUNE 2019

This implementation report is presented as follows:

- 2019 guaranteed pay adjustment.
- 2019 STI outcomes.
- 2019 LTI outcomes.
- Total remuneration for executive directors is presented in a remuneration table which indicates both potential earnings and actual remuneration.

2019 TOTAL GUARANTEED PAY (TGP) ADJUSTMENT

Annual salary increases for executives and prescribed officers are effected in July each year, taking account of market benchmark movements and Company affordability.

The percentage increase granted to executives for this period was 5%.

2019 STI OUTCOMES

The quantum of these incentives is in accordance with the achievement of business performance objectives. The following performance criteria and relative weightings were applied to the prescribed officers and approved STI incentives are reflected below:

Group CEO: Pfungwa Serima:

STI performance criteria: FY2017/2018 for performance review and payment consideration by Remuneration Committee in September 2018 (FY2019):		REMCOM approved STI incentive
Quantitative incentive bonus: 75% of package		
Group revenue	20%	R3 945 707
Group PBIT	65%	
Group transformation	10%	
BEE: achievement of BEE level as per BEE plan.	5%	
Qualitative incentive bonus: 25% of package		
Performance indicators: Africa expansion, BEE targets, government business, investor relations, procurement process.		R1 000 000
Total approved incentive		**R4 545 770**

Previous Group CFO: Mark McGowan:

STI performance criteria: FY2017/2018 for performance review and payment consideration by Remuneration Committee in September 2018 (FY2019):		REMCOM approved STI incentive
Quantitative incentive bonus: 75% of package		
Group revenue	20%	R1 628 434
Group PBIT	65%	
Group transformation	10%	
BEE: achievement of BEE level as per BEE plan	5%	
Additional sales incentive		
Fulfilling the dual role of MD for the Middle East, an additional incentive of R300 000 is considered on the attainment of revenue and EBIT targets for the Middle East businesses.		Not achieved
Total approved incentive:		**R1 628 434**

2019 LTIs AWARDED

In terms of the rules of the conditional share plan (CSP), the following LTIs were awarded to executive directors (prescribed officers) during the year:

Executive director	Title	CSP performance awards – percentage of package
Pfungwa Serima	Group CEO	80%: (number of shares 1 366 565)

In accordance with the CSP, these LTIs awarded were subject to the following performance conditions, with linear vesting applied for performance between these levels:

Performance measure and corresponding vesting percentage	Threshold	Target
Profit before interest and tax	CPI + 2% per annum	CPI + 5% per annum
Resulting vesting percentage	30%	100%

There was no vesting of LTIs in this performance period of CSP awards, since the performance criteria were not met.

2019 LTI sign-on awards

The following sign-on awards were issued to an executive director (prescribed officer) during this reporting period:

Sign-on awards		
Shivan Mansingh	Group CFO	Awards to the value of R300 000 were awarded in terms of the CSP on 1 April 2019

There are no performance conditions linked to this award, however, the employment period of 1 April 2019 to 1 April 2022 must be met.

REMUNERATION REPORT CONTINUED

TOTAL REMUNERATION FOR EXECUTIVE DIRECTORS

The following remuneration table provides the total earnings for the Group CEO:

Group CEO: Pfungwa Serima	Structure of package: potential earnings			Actual remuneration earned	
	Percentage of GP	Rand value of GP	Rand value of GP		
		FY2018	FY2019	FY2018	FY2019
Guaranteed package (GP)	100%	R 5 350 000	**R 5 620 000**	R 5 350 000	**R 5 620 000**
STI	75%	R 4 012 500	**R 4 215 000**	R 1 875 000	**R 3 945 707**
Qualitative incentive	25%	R 1 337 500	**R 1 405 000**	R 1 250 000	**R 1 000 000**
LTI *	80%	R 4 280 000	**R 4 496 000**		
Total value of remuneration		R 14 980 000	**R 15 736 000**	R 8 475 000	**R 10 565 707**
*Note 1: 2018 LTI awards at VWAP 4.37: number of shares				979 405	
*Note 2: 2019 LTI awards at VWAP 3.29: number of shares					**1 366 565**

The following remuneration table provides the total earnings for the current Group CFO:

Group CFO: Shivan Mansingh	Structure of package: potential earnings (1 April - 30 June 2019)		Actual remuneration earned
	Percentage of GP	Rand value of GP	
		FY2019	FY2019
Guaranteed package (GP)	100%	**R 825 000**	**R 825 000**
STI *	60%	-	-
LTI *	60%	-	-
Sign-on bonus		**R 250 000**	**R 250 000**
Sign-on shares**		**R 300 000**	**R 300 000**
Total value of remuneration		**R 1 375 000**	**R 1 375 000**
*Note 1: No STI or LTI awards have bee made to Shivan Mansingh during this period			
**Note 2: Sign-on share awards at VWAP 1.76: number of shares			**170 455**

The following table reflects the settlement agreements which were entered into with previous CFOs Mark McGowan and Kelebogile Dludla:

Previous CFOs	Salary paid in this reporting period	Incentives and sign-on bonuses	Retirement funding contributions	Other benefits (cell phone and fuel card)	Settlement amount	Leave pay	Total
Mark McGowan	R796 167	R1 628 434	R130 500	R56 657	R4 255 080	R161 748	R7 028 585
Kelebogile Dludla	R687 040	R183 333	R123 750	R17 093	R1 833 333	R83 475	R2 928 025

SHARE SCHEMES

Details of grants issued to date under the Metrofile Holdings Limited SARs and CSP schemes are reflected in note 8 on page 29 of the annual financial statements on the Company's website.

CSP awards and allocation summary may be found in the annual financial statements on the Company's website.

INTERESTS OF DIRECTORS AND PRESCRIBED OFFICERS IN SHARE CAPITAL

The aggregate direct beneficial holdings of directors and their immediate families in the issued ordinary shares of the Company are detailed in the directors' report on page 2 of the annual financial statements on the Company's website.

NON-EXECUTIVE DIRECTOR'S FEES

Non-executive directors agreed not to increase their fees to the business for two years. The non-executive directors fees for this reporting period:

Non-executive director fees	30 June 2019 R
Chairman	860 000
Deputy Chairman	*
Lead independent director	480 000
Non-executive directors	350 000
Chairman of the Audit, Governance and Risk Committee	370 000
Chairman of the Nominations Committee	180 000
Chairman of the Remuneration Committee	180 000
Chairman of the Social, Ethics and Transformation Committee	*
Audit, Governance and Risk Committee member	170 000
Nominations Committee member	85 000
Remuneration Committee member	85 000
Social, Ethics and Transformation Committee member	85 000
Mineworkers Investment Company	85 000

* *For the services of Mary Bomela (Deputy Chairman) and Zaheer Abdulla, a service contract is in place with MIC for payment of related service fees.*

NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote in respect of part 3 of this report, at the AGM on 27 November 2019.

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

For a full set of financial statements, please visit our website:
www.metrofilegroup.com

		CONSOLIDATED		COMPANY	
		2019 R'000	Restated 2018 R'000	2019 R'000	2018 R'000
Continuing operations:					
Revenue		**913 415**	873 531	**-**	519 565
Direct costs		**(403 191)**	(339 300)	**-**	–
Gross profit		**510 224**	534 231	**-**	519 565
Other income		**7 359**	9 230	**-**	–
Profit before indirect expenditure		**517 583**	543 462	**-**	519 565
Indirect expenditure		**(246 410)**	(271 476)	**(1 488)**	(1 358)
Share of loss of a joint venture and associate		**-**	(297)	**-**	–
Operating profit/(loss) before depreciation, exceptional items and net finance costs		**271 173**	271 689	**(1 488)**	518 207
Depreciation and amortisation		**(47 439)**	(41 226)*	**-**	–
Operating profit/(loss) before exceptional items and net finance costs		**223 734**	230 463	**(1 488)**	518 207
Acquisition – related costs		**-**	(15 495)	**-**	–
Profit/(loss) on sale of subsidiary		**-**	7 593	**(34 298)**	12 544
Restructuring and retrenchment costs		**(17 480)**	–	**-**	–
Impairment of goodwill		**(18 332)**	–	**-**	–
Impairment of subsidiary loan		**-**	–	**(16 130)**	–
Impairment of investment in joint venture and associate		**(8 362)**	–	**(2 576)**	–
Impairment of plant and equipment		**(29 099)**	–	**-**	–
Operating profit/(loss) before net finance costs		**150 460**	222 560	**(54 492)**	530 751
Finance income		**1 798**	1 502	**-**	–
Finance costs		**(71 173)**	(47 743)	**-**	–
Profit/(loss) before taxation		**81 085**	176 319	**(54 492)**	530 751
Taxation		**(55 342)**	(50 185)*	**-**	–
Profit/(loss) for the year from continuing operations		**25 743**	126 134	**(54 492)**	530 751
Discontinued operations:					
Loss for the year from discontinued operations		**(30 301)**	(2 280)	**-**	–
(Loss)/profit for the year		**(4 558)**	123 854	**(54 492)**	530 751
Attributable to:					
Owners of the parent		**7 559**	127 613	**(54 492)**	530 751
– Continuing operations		**37 860**	129 893	**-**	–
– Discontinued operations		**(30 301)**	(2 280)	**-**	–
Non-controlling interests		**(12 117)**	(3 759)	**-**	–
(Loss)/profit for the year		**(4 558)**	123 854	**(54 492)**	530 751
Profit attributable to owners of the parent					
Basic earnings per share – from continuing operations	(cents)	**9.1**	31.2		
Diluted earnings per share – from continuing operations	(cents)	**8.9**	31.1		

* *The purchase price allocation with regards to the acquisition of Metrofile Records Management (Kenya) for the identifiable assets acquired and the liabilities was provisional as at 30 June 2018 in terms of IFRS 3: Business Combinations. In the current year, the assessment of the fair values allocated to the individual components and purchase price allocation was finalised, resulting in a revised allocation of amortisation of intangible assets.*
Thus depreciation and amortisation and taxation have been restated. Refer to the restatement note 30 in the annual financial statements on the Company's website.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	CONSOLIDATED		COMPANY	
	2019 R'000	Restated 2018 R'000	2019 R'000	2018 R'000
(Loss)/profit for the year	**(4 558)**	123 854	**(54 492)**	530 751
Other comprehensive (loss)/income for the year#				
Currency movement on translation of foreign subsidiaries	**(3 370)**	6 435	**–**	–
Total comprehensive (loss)/income for the year	**(7 928)**	130 289	**(54 492)**	530 751
Attributable to:				
Owners of the parent	**3 171**	133 031	**(54 492)**	530 751
Non-controlling interests	**(11 099)**	(2 742)	**–**	–

All items will subsequently be reclassified to profit and loss.

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2019

For a full set of financial statements, please visit our website:
www.metrofilegroup.com

	CONSOLIDATED		COMPANY	
	2019 R'000	Restated 2018 R'000	2019 R'000	2018 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	**581 113**	589 818	**-**	-
Intangible assets	**57 480**	59 636*	**-**	-
Goodwill	**438 702**	484 437*	**-**	-
Investment in unlisted subsidiaries	**-**	-	**278 998**	279 028
Investment in unlisted associate and joint venture	**-**	9 353	**-**	4 666
Long-term vendor consideration	**3 500**	-	**-**	-
Long-term receivable	**-**	2 419	**-**	-
Deferred taxation assets	**5 128**	9 455	**-**	-
	1 085 923	1 155 118	**278 998**	283 694
Current assets				
Inventories	**17 494**	34 747	**-**	-
Trade receivables	**191 257**	184 726	**-**	-
Vendor consideration	**10 532**	-	**-**	-
Other receivables	**35 329**	29 135	**220**	188
Cash and cash equivalents	**34 983**	52 331	**480**	272
Amounts owing by subsidiaries – non-interest-bearing	**-**	-	**614 160**	539 060
	289 595	300 939	**614 860**	539 520
Total assets	**1 375 518**	1 456 057	**893 858**	823 214
EQUITY AND LIABILITIES				
Equity				
Ordinary share capital and share premium	**555 059**	542 549	**945 150**	932 640
Accumulated profit/(loss)	**7 150**	50 184*	**(225 226)**	(114 165)
Other reserves	**2 778**	15 950	**-**	-
Equity attributable to owners of the parent	**564 987**	608 683	**719 924**	818 475
Non-controlling interests	**(3 157)**	13 170	**-**	-
	561 830	621 853	**719 924**	818 475
Non-current liabilities				
Interest-bearing liabilities	**560 053**	597 118	**-**	-
Deferred taxation liabilities	**43 845**	43 759*	**-**	-
	603 898	640 877		
Current liabilities				
Trade and other payables	**109 750**	101 765	**2 400**	2 303
Provisions	**9 233**	4 093	**-**	-
Deferred revenue	**11 103**	13 661	**-**	-
Taxation	**2 606**	3 786	**-**	-
Bank overdraft	**36 717**	3 288	**-**	-
Interest-bearing liabilities	**40 381**	66 734	**-**	-
Amounts owing to subsidiaries – non-interest-bearing	**-**	-	**171 534**	2 436
	209 790	193 327	**173 934**	4 739
Total equity and liabilities	**1 375 518**	1 456 057	**893 858**	823 214

* *The purchase price allocation with regards to the acquisition of Metrofile Records Management (Kenya) for the identifiable assets acquired and the liabilities was provisional as at 30 June 2018 in terms of IFRS 3: Business Combinations. In the current year, the assessment of the fair values allocated to the individual components and purchase price allocation was finalised, resulting in a revised allocation to the fair values of intangible assets, deferred tax liabilities, goodwill and accumulated profit. Refer to the restatement note 30 in the annual financial statements on the Company's website.*

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Share capital R'000	Share premium R'000	Accumulated profit (loss) R'000	Other reserves R'000	Attributable to owners of the parent R'000	Non-controlling interests R'000	Total equity R'000
CONSOLIDATED							
Balance at 30 June 2017	2 675	559 811	49 566	11 955	624 007	23 636	647 643
Purchase of treasury shares	–	(19 937)	–	–	(19 937)	–	(19 937)
IFRS 2 equity reserve relating to share schemes	–	–	–	5 076	5 076	–	5 076
Share scheme settlement	–	–	–	(6 498)	(6 498)	–	(6 498)
Minority contribution on acquisition of subsidiary#	–	–	(1 016)	–	(1 016)	(7 724)	(8 740)
Dividends declared	–	–	(125 979)	–	(125 979)	–	(125 979)
Total comprehensive income for the year ended 30 June 2018 restated	–	–	127 613	5 417	133 030	(2 742)	130 288
Balance at 30 June 2018	2 675	539 874	50 184	15 950	608 684	13 170	621 854
IFRS 2 equity reserve relating to share schemes	–	–	–	(8 784)	(8 784)	–	(8 784)
Minority contribution on disposal of subsidiary*	–	–	5 976	–	5 976	(5 228)	748
Dividends declared	–	–	(44 059)	–	(44 059)	–	(44 059)
Script dividends declared	–	12 510	(12 510)	–	–	–	–
Total comprehensive income for the year ended 30 June 2019	–	–	7 559	(4 388)	3 171	(11 099)	(7 928)
Balance at 30 June 2019	**2 675**	**552 384**	**7 150**	**2 778**	**564 987**	**(3 157)**	**561 830**

Effective 1 July 2017 the Group acquired the remaining 30% shareholding in Cleardata (Pty) Ltd for a nominal amount. This line also includes the impact of irregularities perpetrated by a former executive of Cleardata (Pty) Ltd amounting to R8.7 million.

* *Effective 1 July 2018 the Group disposed of 38% of its shareholding in Metrofile Nigeria (Pty) Ltd to a local partner.*

	Share capital R'000	Share premium R'000	Accumulated profit (loss) R'000	Other reserves R'000	Attributable to owners of the parent R'000	Non-controlling interests R'000	Total equity R'000
COMPANY							
Balance at 30 June 2017	2 675	929 965	(514 375)		418 265		
Dividends declared	–	–	(130 541)		(130 541)		
Total comprehensive income for the year ended 30 June 2018	–	–	530 751		530 751		
Balance at 30 June 2018	2 675	929 965	(114 165)		818 475		
Dividends declared	–	–	(44 059)		(44 059)		
Script dividend declared	–	12 510	(12 510)				
Total comprehensive income for the year ended 30 June 2019	–	–	(54 492)		(54 492)		
Balance at 30 June 2019	**2 675**	**942 475**	**(225 226)**		**719 924**		

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

For a full set of financial statements, please visit our website:
www.metrofilegroup.com

	CONSOLIDATED 2019 R'000	CONSOLIDATED Restated 2018 R'000	COMPANY 2019 R'000	COMPANY 2018 R'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations before net working capital changes	**250 614**	255 577	**(1 488)**	518 207
Decrease/(increase) in net working capital	**2 910**	(24 594)	**35**	90
Cash generated by operations	**253 524**	230 983	**(1 453)**	518 297
Net finance costs	**(65 428)**	(46 241)	**-**	–
Finance costs	**(67 226)**	(47 743)	**-**	–
Finance income	**1 798**	1 502	**-**	–
Normal taxation paid	**(57 332)**	(51 361)	**-**	–
Net cash inflow from operating activities	**130 764**	133 381	**(1 453)**	518 297
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditure: expansion	**(49 540)**	(64 523)	**-**	–
Capital expenditure: replacement	**(21 825)**	(15 818)	**-**	–
Proceeds from sale of property, plant and equipment	**-**	13 623	**-**	–
Effects of foreign currency exchange differences on property, plant and equipment	**-**	(2 598)	**-**	–
Acquisition of investment in unlisted associate and joint venture	**-**	(1 500)	**-**	–
Proceeds on disposal of subsidiary	**(1 442)**	12 235	**-**	12 545
Increase in investments	**-**	–	**2 120**	–
Acquisition of subsidiaries	**(3 673)**	(335 516)	**-**	(78 105)
Net cash (outflow)/inflow from investing activities	**(76 480)**	(394 097)	**2 120**	(65 560)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long-term liabilities	**(63 322)**	(14 147)	**-**	–
Purchase of treasury shares	**-**	(19 937)	**-**	–
Dividends paid	**(43 769)**	(125 682)	**(44 059)**	(130 244)
Increase/(decrease) in loans due from group companies	**-**	–	**-**	(322 375)
Increase/(decrease) in loans to group companies	**-**	–	**43 600**	–
Long-term liabilities raised	**-**	444 932	**-**	–
Net cash (outflow)/inflow from financing activities	**(107 091)**	285 167	**(459)**	(452 619)
Net (decrease)/increase in cash and cash equivalents	**(52 807)**	24 450	**208**	118
Cash and cash equivalents at the beginning of the year	**49 043**	24 593	**272**	154
Effects of exchange rate movement on cash balances	**2 030**	–	**-**	–
(Net overdraft)/cash and cash equivalents at the end of the year	**(1 734)**	49 043	**480**	272
Represented by				
Cash and cash equivalents	**34 983**	52 331	**480**	272
Bank overdraft	**(36 717)**	(3 288)	**-**	–

ANALYSIS OF SHAREHOLDING

	2019				2018			
	Number of shareholders	**%**	**Number of shares**	**%**	**Number of shareholders**	**%**	**Number of shares**	**%**
SHAREHOLDER SPREAD								
1 – 10 000	**3 100**	**77.13**	**5 626 713**	**1.27**	3 231	78.25	6 577 487	1.51
10 001 – 50 000	**642**	**15.97**	**14 442 346**	**3.25**	619	14.99	14 611 506	3.36
50 001 – 100 000	**110**	**2.74**	**8 096 731**	**1.82**	99	2.40	7 509 126	1.73
100 001 – 250 000	**81**	**2.02**	**12 526 186**	**2.82**	75	1.82	11 515 433	2.65
250 001 shares and over	**86**	**2.14**	**403 162 910**	**90.83**	105	2.54	394 926 716	90.76
Totals	**4 019**	**100.00**	**443 854 886**	**100.00**	4 129	100.00	435 140 268	100.00
DISTRIBUTION OF SHAREHOLDERS								
Banks/Brokers	**63**	**1.57**	**19 045 638**	**4.29**	52	1.26	21 192 782	4.87
Close corporations	**47**	**1.17**	**1 935 785**	**0.44**	49	1.19	1 781 001	0.41
Endowment funds	**5**	**0.12**	**232 892**	**0.05**	7	0.17	940 246	0.22
Hedge funds					16	0.39	5 738 617	1.32
Individuals	**3 495**	**86.96**	**42 702 716**	**9.62**	3 567	86.39	41 797 276	9.61
Insurance companies	**13**	**0.32**	**12 223 111**	**2.75**	9	0.22	6 366 054	1.46
Medical schemes					1	0.02	345 957	0.08
Mutual funds	**43**	**1.07**	**101 837 872**	**22.94**	29	0.70	92 385 886	21.23
Other corporations	**35**	**0.87**	**188 354**	**0.04**	38	0.92	147 411	0.03
Private companies	**94**	**2.34**	**191 727 002**	**43.20**	97	2.35	186 930 945	42.96
Public companies	**11**	**0.27**	**28 865 768**	**6.50**	10	0.24	23 556 316	5.41
Retirement funds	**8**	**0.20**	**12 618 106**	**2.84**	14	0.34	19 448 711	4.47
Treasury stock	**1**	**0.02**	**18 949 158**	**4.27**	1	0.02	18 976 058	4.36
Trusts	**204**	**5.08**	**13 528 484**	**3.05**	239	5.79	15 533 008	3.57
Totals	**4 019**	**100.00**	**443 854 886**	**100.00**	4 129	100.00	435 140 268	100.00
PUBLIC/NON-PUBLIC SHAREHOLDERS								
Non-public shareholders	**10**	**0.25**	**183 638 325**	**41.37**	11	0.27	182 987 711	42.05
Directors of the Company	**4**	**0.10**	**2 995 853**	**0.67**	42	0.10	3 211 923	0.74
Treasury shares	**1**	**0.02**	**18 949 158**	**4.27**	11	0.02	18 976 058	4.36
Strategic holdings	**5**	**0.12**	**161 693 314**	**36.43**	61	0.15	160 799 730	36.95
Public shareholders	**4 009**	**99.75**	**260 216 561**	**58.63**	4 118	99.73	252 152 557	57.95
Totals	**4 019**	**100.00**	**443 854 886**	**100.00**	4 129	100.00	435 140 268	100.00

ANALYSIS OF SHAREHOLDING

CONTINUED

	Number of shares	%
BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE (Top 10)		
As at 28 June 2019		
Mineworkers Investment Company	**161 693 314**	**36.43**
Sabvest Investments (Pty) Limited	**49 000 000**	**11.04**
Investec	**36 023 768**	**8.12**
Sanlam	**23 661 354**	**5.33**
Metrofile Management Services (Pty) Limited	**18 949 158**	**4.27**
Prudential Investment Managers	**15 294 519**	**3.45**
MMI Holdings Limited	**11 796 639**	**2.66**
ClucasGray Investment Management	**9 877 165**	**2.23**
Fund 561	**9 598 991**	**2.16**
Alexander Forbes Investments Retirement Funds	**8 899 553**	**2.01**
Totals	**344 794 461**	**77.68**
As at 28 June 2018		
Mineworkers Investment Company	160 799 730	36.95
Sabvest Investments (Pty) Limited	40 000 000	9.19
Investec	34 622 092	7.96
Metrofile Management Services (Pty) Limited	18 976 058	4.36
Prudential Investment Managers	17 729 301	4.07
Sanlam	17 273 834	3.97
MMI Holdings Limited	12 070 172	2.77
Fund 561	8 929 937	2.05
Alexander Forbes Investments Retirement Funds	8 410 796	1.93
Berkeley Private Wealth Limited	5 116 438	1.18
Totals	**323 928 358**	**74.44**

Subsequent to the approval of the annual financial statements and before the publication of this integrated annual report the interests of the directors and officers in the shares of the Company increased due to their election of the scrip distribution announced on 5 September 2019.

	Beneficial		Non-beneficial		
Directors and officers	**Direct**	**Indirect**	**Direct**	**Indirect**	**Total shares**
Muhammed Zaheer Abdulla†					
Mary Sina Bomela†					
Phumzile Langeni					
Shivan Mansingh					
Lindiwe Evarista Mthimunye					
Christopher Stefan Seabrooke				50 147 662	50 147 662
Pfungwa Gore Serima	46 035				46 035
Graham Dunbar Wackrill	3 019 985				3 019 985
Sindiswa Victoria Zilwa					

† *Mary Bomela and Zaheer Abdulla are CEO and Senior Investment Manager of MIC respectively, which owns 165 480 446 shares.*

SHARE PRICE AND VOLUME TRADED

	2019	2018	2017	2016
Market price				
Close (30 June) (cents per share)	**162**	345	470	480
High (cents per share)	**368**	465	526	535
Low (cents per share)	**130**	315	406	385
Market capitalisation	**719 044 915**	1 501 233 925	2 045 159 260	2 050 003 248
Value of shares traded	**141 833 319**	500 599 609	342 758 000	307 022 000
Value of shares traded as % of market capitalisation (%)	**19.73**	33,35	16,76	14,98
Volume of shares traded	**56 415 323**	132 307 599	72 500 000	68 383 000
Volume of shares traded as % of number in issue (%)	**12.71**	30.41	16.70	16.00
PE ratio				
Dividend yield	**6.17**	6.09	6.38	6.25
Earnings yield	**12.65**	8.38	6.77	6.35
Period-end market price/NAV				
Shares in issue	**443 854 886**	435 140 268	435 140 268	427 084 010
Average number of shares in issue	**436 922 919**	435 140 268	435 140 268	435 140 268
Shares issued/repurchased	**8 714 618**	0	0	8 056 258
Number of shareholders	**4 019**	4 129	3 794	3 825

SHAREHOLDERS' DIARY

Announcement of results	5 September 2019
Publication of integrated annual report	30 October 2019
Annual general meeting	27 November 2019
Results of the general meeting published on SENS	28 November 2019
Interim results announcement	March 2020
Financial year-end	30 June 2020

CORPORATE INFORMATION

DIRECTORS

Christopher Stefan Seabrooke (66)*
BCom, BAcc, MBA, FCMA
Independent non-executive Chairman
16 years' service (Appointed 28 January 2003)
Chairman of the Nominations Committee

Mary Sina Bomela (46) ‡*
BCom (Hons), CA(SA), MBA
Non-executive director and deputy Chairman
Nine years' service (Appointed 8 September 2010)
Chairman of the Social, Ethics and Transformation Committee

Pfungwa Gore Serima (54)#
BSC (CompSc) and Business Studies
Group Chief Executive Officer
Three years' service (Appointed 1 February 2016)

Shivan Mansingh (33)#
BaccSci, HDipAcc, CA(SA), MBA
Group Chief Financial Officer
Seven months' service (Appointed 1 April 2019)

Phumzile Langeni (45)†‡#
BCom (Acc), BCom (Hons) MCom
Lead independent non-executive director
Chairman of Remuneration Committee
Seven years' service (Appointed 30 March 2012)

Muhammed Zaheer Abdulla (32)
BSc (Actuarial Science) Honours
Non-executive director
One year service (Appointed 15 September 2018)

Lindiwe Evarista Mthimunye (45)†#
BCom, CA(SA), MCom, H Dip Tax Law
Independent non-executive director
Two years' service (Appointed 1 July 2017)

Graham Dunbar Wackrill (65)
BCompt
Non-executive director
15 years' service (Appointed 1 July 2004)

Sindiswa Victoria Zilwa (52)#
BCompt (Hons), CA(SA), CD(SA)
Advanced Diploma in Financial Planning (UFS)
Advanced Diploma in Taxation (UNISA)
Advanced Diploma in Banking (RAU)
Independent non-executive director
Seven years' service (Appointed 17 October 2012)
Chairman of the Audit, Governance and Risk Committee

Leon Rood (42)
BCom, LLB
Nine months' service (appointed 1 February 2019)
Independent non-executive alternate director to
Christopher Seabrooke

† Audit, Governance and Risk Committee member
‡ Nominations Committee member
** Remuneration Committee member*
 # Social, Ethics and Transformation Committee member

SECRETARY AND REGISTERED OFFICE

Paige Atkins
41 Wordsworth Avenue, Senderwood, 2007, Gauteng, South Africa
P O Box 40264, Cleveland, 2022, Gauteng, South Africa
Telephone +27 11 553 0270
Facsimile +27 86 775 1096

COMPANY REGISTRATION NUMBER

1983/012697/06

DATE OF INCORPORATION

18 November 1983

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, Gauteng, South Africa
P O Box 61051, Marshalltown, 2107, Gauteng, South Africa
Telephone +27 11 370 5000
Facsimile +27 11 688 5200

AUDITOR

Deloitte & Touche
The Woodlands, Woodlands Drive, Woodmead, Sandton, 2148, Gauteng, South Africa
Private Bag X6, Gallo Manor, 2052, Gauteng, South Africa

BANKERS

The Standard Bank of South Africa Limited

INVESTMENT BANK AND JSE SPONSOR

The Standard Bank of South Africa Limited
30 Baker Street, Rosebank, 2196, Gauteng, South Africa
P O Box 61344, Marshalltown, 2107, Gauteng, South Africa
P O Box 61771, Marshalltown, 2107, Gauteng, South Africa

INVESTOR RELATIONS

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